

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

| | | | |
|---|--------------------------------|--|------------------------|
| Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other | | Local Government Name Wayne County Airport Authority | County Wayne |
| Audit Date 9/30/05 | Opinion Date 3/10/06 | Date Accountant Report Submitted to State: 3/31/06 | |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. "Yes" responses have been disclosed in the financial statements, including the notes, or the report of comments and recommendations.

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

| | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations. | | | ✓ |
| Reports on individual federal financial assistance programs (program audits). | | | ✓ |
| Single Audit Reports (ASLGU). | | ✓ | |

| | | | |
|--|------------------------|--------------------|---------------------|
| Certified Public Accountant (Firm Name) KPMG LLP | | | |
| Street Address 150 West Jefferson Suite 1200 | City Detroit | State MI | ZIP 48226 |
| Accountant Signature KPMG LLP | | Date | |



Wayne County Airport Authority

*A discretely presented component unit of
the Charter County of Wayne, Michigan*



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For year ended
September 30, 2005**



WAYNE COUNTY AIRPORT AUTHORITY

(A Discretely Presented Component Unit of
the Charter County of Wayne, Michigan)

Comprehensive Annual Financial Report

Year Ended September 30, 2005

WAYNE COUNTY AIRPORT AUTHORITY

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DETROIT METRO • WILLOW RUN
WAYNE COUNTY AIRPORT AUTHORITY

L.C. Smith Terminal • Mezzanine
Detroit, MI 48242
ph 734 942 3550
fax 734 942 3793
www.metroairport.com

March 1, 2006

To the Board of Directors
Wayne County Airport Authority:

The Comprehensive Annual Financial Report (CAFR) of the Wayne County Airport Authority (the Authority) for the year ended September 30, 2005, is submitted herewith. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, this report fairly presents and fully discloses the Authority's financial position, results of operations, and cash flows in accordance with accounting principles generally accepted in the United States of America. It includes disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities included within the CAFR. The report of the independent auditors on the financial statements is included on page 1.

This report was prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). The GFOA awards Certificates of Achievement to those governments whose annual financial reports are judged to conform substantially with the high standards of public financial reporting, including accounting principles generally accepted in the United States of America, promulgated by the Governmental Accounting Standards Board (GASB).

The management of the Authority is responsible for establishing and maintaining an internal control structure that is designed to ensure that the assets of the Authority are safeguarded. In addition, as a recipient of federal financial assistance, the Authority is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with general and specific laws and regulations related to the Airport Improvement Program (AIP) and the Aviation Safety and Capacity Expansion Act.

The objectives of an internal control structure are to provide management with reasonable assurance that the resources are safeguarded against waste, loss, and misuse, and reliable data are recorded, maintained, and fairly disclosed in reports. The current internal controls provide the Authority with a solid base of reliable financial records from which the financial statements are prepared. These accounting controls ensure that accounting data are reliable and available to facilitate the preparation of financial statements on a timely basis. Inherent limitations should be recognized in considering the potential effectiveness of any system of internal control. The concept of reasonable assurance is based on the recognition that the cost of a system of internal control should not exceed the benefits derived and that the evaluation of those factors requires estimates and judgment by management.

State laws require an annual audit of the financial records and transactions of the Authority by a firm of independent licensed certified public accountants. The Board appoints an audit committee of three Board members to comply with this requirement. The audit committee is to meet at least four times each year with the Chief Executive Officer, the Chief Financial Officer (who is appointed by the Chief Executive Officer), and the Authority's independent public auditors to review the financial condition, operations, performance, and management of the Authority. In addition, the Chief Executive Officer appoints an internal auditor to evaluate the Authority's internal accounting and administrative control system and conduct audits relating to the Authority's financial activities.

The Authority's financial statements have received an "unqualified opinion" from KPMG LLP, certified public accountants. An unqualified opinion is the best opinion that an organization can receive on its financial statements. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects.

An independent audit was also performed in accordance with the requirements of the Single Audit Act Amendments of 1996 (P.L. 104-156). The auditor's reports related specifically to the single audit are issued under separate cover.

A third audit was performed as required under Federal Aviation Regulation, Part 158 (Passenger Facility Charges). The auditor's reports related to the schedule of Passenger Facility Charges are issued under separate cover.

This CAFR was prepared to meet the needs of a broad spectrum of financial statement readers and is divided into the following major sections:

Introductory Section – This section introduces the reader to the Wayne County Airport Authority and to this report. It includes this transmittal letter with continuing disclosure reporting enhancements.

Financial Section – The independent auditors’ report, management’s discussion and analysis letter, financial statements, notes to the financial statements, and required supplementary information are included here. These are the Authority’s basic financial statements and provide an overview of the Authority’s financial position.

Statistical and Continuing Disclosure Section – Although this section contains substantial financial data, these schedules differ from financial statements in that they present some non-accounting data, cover more than the current year, and are designed to reflect economic data, financial trends, and the fiscal capabilities of the Detroit Metropolitan Wayne County Airport.

The continuing disclosure schedules in this section reflect information in accordance with the requirements of Rule 15c2-12, promulgated by the Securities and Exchange Commission and as set forth in the Continuing Disclosure undertaking for issued debt.

REPORTING ENTITY AND ITS SERVICES

The Authority is a political subdivision and instrumentality of the Charter County of Wayne, Michigan (the County), which owns the Detroit Metropolitan Wayne County Airport (the Airport) and Willow Run Airport (together, the Airports). Until August 9, 2002, the County operated the Airports. Pursuant to an amendment to the Aeronautics Code of the State of Michigan, known as the Public Airport Authority Act (the Authority Act), Public Act 90, Michigan Public Acts of 2002, effective March 26, 2002, the Authority has operational jurisdiction of the Airports, with the exclusive right, responsibility, and authority to occupy, operate, control, and use the Airports and the Airport Hotel.

Pursuant to the Authority Act, the Authority is liable for all of the obligations with respect to the Airports, with the exception of the County’s pledge of its limited tax full faith and credit, subject to constitutional, statutory, and charter tax rate limitations, associated with the Airport Hotel Revenue Bonds issued by the County.

The Authority is directed and governed by a Board consisting of seven members. The Governor of the State appoints two members of the Board, one member is appointed by the legislative body of the County, and four members of the Board are appointed by the Chief Executive Officer of the County. The Board appoints the Chief Executive Officer of the Authority.

AUTHORITY OPERATIONS AND SERVICES

The Authority is self-supporting, using aircraft landing fees, fees from terminal and other rentals, and revenue from parking and concessions to fund operating expenses. The Authority is not taxpayer-funded. The Capital Improvement Program (CIP) is funded by bonds issued by the Authority, federal and state grants, and passenger facility charges (PFCs).

Airport Use and Lease Agreement (the Agreement)

Revenues received by the Authority in accordance with the Master Airport Revenue Bond Ordinance (Master Bond Ordinance) are derived from rentals, fees, and charges imposed upon airlines operating at the Airport under Agreements relating to their use of the Airport. The following airlines are parties to such agreements: America West Airlines, American Airlines, British Airways, Continental Airlines, Delta Air Lines, Federal Express, KLM Royal Dutch Airlines, Lufthansa German Airlines, Mesaba Airlines, Northwest Airlines, Pinnacle Airlines, Southwest Airlines, Spirit Airlines, United Airlines, United Parcel Service, and US Airways (collectively, the Signatory Airlines).

The Agreements with the Signatory Airlines permit the Authority to issue airport revenue bonds to finance the costs of capital projects and include the annual debt service requirements of, and other deposit requirements and coverage requirements for, such bonds in the calculation of rates and charges payable by the Signatory Airlines, only after first receiving approval of a Weighted Majority of the Signatory Airlines for such capital projects. An affirmative Weighted Majority vote requires, in the aggregate, Signatory Airlines which landed 85% or more of the landed weight of all Signatory Airlines for the proceeding twelve-month period for which records are available, or all Signatory Airlines in number but one, regardless of landed weight.

Capital Improvement Program

The Authority maintains an ongoing Capital Improvement Program (CIP) for the Airport system to expand, modernize, and maintain the Airports. In addition to renovations and modernization of certain existing facilities, the CIP includes construction of the principal elements of the Master Plan for each Airport. The Master Plans establish the framework for the CIP that is necessary for the development of the Airports.

The Authority is engaged in a major redevelopment of the North Terminal complex at the Airport to support the operations of certain non-hubbing airlines. Upon completion of the project, the new North Terminal will replace the Smith Terminal and the Berry International Terminal, both of which the Authority intends to demolish.

An expansion and upgrade of the facilities at the McNamara Terminal also are in progress. Northwest, its regional carriers Mesaba and Pinnacle, and its alliance partners Delta Air Lines and Continental Airlines, as well as Air France, British, Royal Jordanian Airlines, and Lufthansa, currently operate at the McNamara Terminal complex, which opened at the end of February 2002.

The Authority's CIP represents current expectations of future capital needs. The Authority's current 2006-2010 Capital Program includes approximately \$847 million and \$67 million of planned projects over the next five years for the Detroit Metro and Willow Run Airports, respectively.

The airlines serving the Airport have been impacted by global events and experienced an increase in costs and a resulting decline in financial condition to varying degrees. Several airlines have filed for bankruptcy, including Northwest Airlines, Mesaba Airlines, and Delta Airlines, while US Airways emerged from bankruptcy during the fiscal year (FY). United Airlines also emerged from bankruptcy in FY 2006. Neither Northwest Airlines, Mesaba Airlines, nor Delta Airlines has assumed or rejected its Airline Agreements; however, the three airlines continue to make payments owed to the Authority under their respective agreements.

It is reasonable to assume that any additional financial or operational difficulties incurred by Northwest, the predominant airline servicing the Airport, could have a material adverse effect on the Airport. Financial or operational difficulties by any of the other Signatory Airlines also may, whether directly or indirectly, have an adverse impact on Airport operations, the effect of which may be material.

Despite the airline bankruptcies, the Airport registered increases in several key areas. Enplanements, aircraft operations, and landed weights increased 5.6%, 3.1%, and 2.3%, respectively, over FY 2004. Airline cost per enplaned passenger decreased 16.3% in FY 2005 compared to FY 2004.

Passenger enplanements rose to historical highs in FY 2005. Over 18.2 million enplaned passengers were serviced by the Airport, exceeding the previous record of 17.7 million enplanements registered in FY 2000. The Airport's activities for years ended September 30, 2005 and 2004 are as follows:

| | 2005 | 2004 |
|-----------------------------------|-------------|-------------|
| Enplanements | 18,286,282 | 17,316,780 |
| Cost per Enplaned Passenger | \$5.70 | \$6.81 |
| Aircraft Operations | 530,637 | 514,660 |
| Cargo (in tons) | 102,566 | 102,405 |
| Landed Weights (in thousand lbs.) | 25,887,255 | 25,307,710 |

Northwest is the dominant air carrier operating at the Airport, which serves as a primary connecting passenger hub in Northwest's route system. Northwest, together with its regional affiliates Mesaba and Pinnacle, accounted for 79% of passenger enplanements at the Airport in FY 2005 and FY 2004.

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

The Authority's Budget

Prior to the commencement of each fiscal year (currently October 1 to September 30), the Authority is required by the Master Bond Ordinance and Public Act 90 to prepare and adopt a budget. The budget contains an itemized statement of the estimated current operational expenses and the expenses for capital outlay, including funds for the operation and development of the airports under the jurisdiction of the Authority, and the amount necessary to pay the principal and interest of any outstanding bonds or other obligations of the Authority maturing during the ensuing fiscal year, and an estimate of the revenues of the Authority from all sources for the ensuing fiscal year.

Budgeting serves as an important management tool to plan, control, and evaluate the operations of the Authority. The Detroit Metropolitan Airport Operating and Maintenance (O&M) and Willow Run budgets are the Authority's annual financial plan for operating and maintaining the airports. These budgets must be sufficient to cover the operation and maintenance expenses of the Airports, the Debt Service payable on bonds, and other known financial requirements for the ensuing fiscal year. The Capital Improvement Program budget is the Authority's plan for the design and construction of major improvements and new facilities at the Airports.

The budget is prepared on the same accrual basis of accounting as the financial statements, for internal and external reporting, except for the Detroit Metropolitan Airport, which conforms to the applicable provisions of the Airport Use and Lease Agreement (the Agreement). The Agreement provides for cost recovery for the operations of the Airports and provides for directly expensing O&M capital equipment and facility projects and recovering the bond-financed capital improvements through specified requirements from funding of debt service.

Budgetary control is required to ensure that expenditures do not exceed appropriations. The Authority maintains this control through the use of an encumbrance system. As purchase orders are issued, corresponding amounts of appropriations are reserved by the use of encumbrances so that appropriations are not overspent. Budget transfers may be made with the approval of the Financial Planning and Analysis Division. Amendments to the budget are subject to approval by the Board in accordance with the terms contained in the Board resolution adopted with the budget. In addition, the Financial Planning and Analysis Division monitors department budgets on a monthly basis. Department/division directors are responsible for meeting budget targets and managing variances.

AUTHORITY'S ECONOMIC CONDITION

Population

The Airport Service Region (the Region) consists of the 10-county Detroit-Ann Arbor-Flint Consolidated Metropolitan Statistical Area (CMSA), which includes the counties of Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne.

The Detroit-Ann Arbor-Flint CMSA represents the eighth and most populous region in the U.S. and ranks second in the Midwest. The Airport Service Region's historically strong air travel demand has been based on a manufacturing economic base, with continuing diversification into numerous supporting service industries (e.g., robotics).

In calendar year (CY) 2004, an estimated 10.1 million people resided in Michigan, which accounted for 3.4% of all U.S. residents. Michigan remains the eighth most populous state, behind California, Texas, New York, Florida, Illinois, Pennsylvania, and Ohio. The Region is the eighth (2000 Census) most populous metropolitan region in the nation, with a population of approximately 5.5 million. The Region's population grew an average of 0.4% annually between CY 1994 and CY 2003, accounting for 54.7% of Michigan's population and 1.9% of the U.S. population in CY 2003. Population in the Region is expected to increase annually by 0.4% through CY 2020.

Economy

The Region's economic base is highly concentrated in the motor vehicle manufacturing industry. More than 200,000 designers work in more than 135 research and development, engineering, and technical centers. The Region continues to manufacture more cars and trucks than any other state. Of the top 100 original equipment manufacturers in the U.S., 82 are headquartered or have a presence in the Region.

General Motors and Ford maintain their world headquarters in the Region, while DaimlerChrysler, AutoAlliance International, Inc. (formerly Mazda Motor Manufacturing), and Volkswagen of America each maintain their U.S. headquarters in the Region.

Although Michigan's share of U.S. vehicle production has declined over the past 10 years, due in part to more foreign competition, the Region continues to have the highest concentration of automotive assembly plants in the nation. In CY 2004, the State of Michigan (the State) produced 21.6% of total U.S. vehicles, down from 25.9% in CY 1995. The Big Three automotive manufacturers (General Motors, Ford Motor Co., and DaimlerChrysler) represented 69.3% of total U.S. vehicle production in CY 2004.

Employment

Since 1990, employment levels in the Region have grown at an annual rate of 0.9% as the Region's economic base diversified in the 1990s. Between CY 2003 and CY 2004, employment levels declined 0.8% in the Region, comparable to the decline (-0.6%) at the State level. The U.S., however, experienced a 1.1% job growth over CY 2003 levels.

Employment in the Region is forecast to increase 1.2% annually between CY 2004 and CY 2010 with the most of the growth in the Professional and Business Services sector (2.4%), similar to State and national employment trends. Manufacturing employment is anticipated to decline by 0.4% in the Region and in the State, and 0.3% in the nation between CY 2004 and CY 2010.

LONG-TERM FINANCIAL PLANNING

The Authority's long-term financial planning includes the completion of certain approved capital expenditures and the accumulation of sufficient resources required to service the debt issued to finance these expenditures and to operate and maintain the Airports. Under terms of the Agreement, fees and charges paid by the Airlines are used along with other income from the Airport to service the debt issued to finance the construction program.

The Authority covenants in the Master Bond Ordinance that the Airport's net revenues, plus other available funds as defined in the Bond Ordinance, are sufficient to provide debt service coverage of 125% of the annual debt service requirement on senior bonds.

The debt service coverage ratio for the year ended September 30, 2005 was 142% of total debt service.

The Authority maintains an ongoing Capital Improvement Program (CIP) for the Airports. The current five-year CIP is highlighted by the construction of a new North Terminal passenger complex and expansion of the B and C concourses and international gate areas at the McNamara Terminal.

The Authority funds the CIP through a combination of airport revenue bonds, Passenger Facility Charges (PFCs), federal grants-in-aid, State of Michigan grants, and other Airport revenues.

The Authority also has plans for additional capital projects, which will be part of the future CIP. Many of these projects will be associated with airfield rehabilitation and reconstruction, based on the recommendation of the Pavement Maintenance System funded in part with net proceeds of the 2005 bonds.

The Authority also anticipates certain increases in airline activity. The total number of passengers enplaned at the Airport is forecast to increase 3.2% annually from FY 2005 to FY 2011. Domestic enplaned passengers at the Airport are forecast to increase at an annual average rate of 3.1% through FY 2011. The number of domestic originating and

connecting passengers is forecast to increase 3.1% and 3.0% per year, respectively, from FY 2005 to FY 2011. International enplaned passengers are forecast to increase 4.6% from 2005 to FY 2011.

Since 1986, the Authority has participated in the Airport Improvement Program (AIP), the federal government's airport grant program. The AIP provides funding for airport development, airport planning and noise compatibility programs from the Airport and Airway Trust Fund. The AIP also provides both entitlement and discretionary grants for eligible projects. The Authority also receives grants from the State of Michigan.

In 1990, Congress approved the Aviation Safety and Capacity Expansion Act, which authorized domestic airports to impose a PFC on enplaning passengers. In May 1991, the FAA issued the regulations for the use and reporting of PFCs. PFCs may be used for airport projects which meet at least one of the following criteria: preserve or enhance safety, security, or capacity of the national air transportation system; reduce noise or mitigate noise impacts resulting from an airport; or furnish opportunities for enhanced competition between or among carriers.

Following its first receipt of the FAA approval in September 1992, the County imposed a PFC of \$3.00 at the Airport beginning on January 1, 1993. Since 1992, the FAA has approved certain additional PFC applications and amendments submitted by the County and the Authority. The Authority now is authorized to impose and use a PFC of \$4.50 per enplaned passenger, and began to collect PFCs at the \$4.50 level on October 1, 2001.

Under its current PFC approvals, the Authority has authority to impose and use \$2.907 billion in PFCs, which includes amounts for the payment of principal, interest, and other financing costs on bonds, the proceeds of which are used to pay the PFC-eligible costs of the approved projects. As of September 30, 2005, the Airport had received approximately \$657.6 million of PFC revenue, which includes interest earnings of approximately \$55.3 million, and had expended approximately \$563.1 million on approved projects. The current estimated PFC expiration date is October 1, 2032.

OTHER INFORMATION

Recognition of Awards and Achievement

The GFOA awarded the Authority a Certificate of Achievement for Excellence in Financial Reporting for its CAFR for the year ended September 30, 2004. This was the second consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. Such a CAFR must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting this 2005 CAFR to GFOA for consideration.

The Authority has also received the GFOA's Award for Distinguished Budget Presentation for the FY starting October 1, 2004.

The Authority also received a number of non-financial awards during 2005:

- International Association of Business Communicators Renaissance
 - o Award of Merit for the Authority's overall website
 - o Award of Excellence for website design
- Physicians Committee of Responsible Medicine ranked Detroit Metropolitan Wayne County Airport among the top two airports for availability of healthy food choices within their concession program.

Willow Run Airport received two awards:

- Federal Aviation Administration award for Promoting Runway Safety
- Balkan Post award for Airport Snow and Ice Control, recognizing Willow Run for the best snow removal program for an airport of its size.

Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Controller's office. We would like to express our appreciation to all members of the division.

This report also could not have been possible without the leadership and support of the governing body of the Authority's Board of Directors.

Respectfully submitted,



Lester W. Robinson

Chief Executive Officer



Thomas J. Naughton

*Senior Vice President of Finance and
Chief Financial Officer*

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Wayne County
Airport Authority, Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

**WAYNE COUNTY AIRPORT AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)**

September 30, 2005

The following discussion and analysis provides an overview of the financial performance and activities of the Wayne County Airport Authority (the Authority) for the year ended September 30, 2005, with selected comparative information for the year ended September 30, 2004. This discussion and analysis has been prepared by the Authority's management and should be read in conjunction with the basic financial statements and notes thereto, which follow this section.

The Authority is a business-type entity and, as such, the basic financial statements consist of three statements and notes to the basic financial statements. The three basic statements are: (a) Statement of Net Assets, which presents the assets, liabilities, and net assets of the Authority as of the end of the fiscal year; (b) Statement of Revenues, Expenses, and Changes in Net Assets, which reflects revenues and expenses recognized during the fiscal year; and (c) Statement of Cash Flows, which provides information on all the cash inflows and outflows for the Authority by major category during the fiscal year.

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S.), as promulgated by Governmental Accounting Standards Board (GASB) principles.

The financial statements include the operations of Detroit Metropolitan Wayne County Airport (the Airport), Willow Run Airport, and the Airport Hotel. The Authority is considered a discretely presented component unit of the Charter County of Wayne, Michigan, as defined by the GASB.

THE AIRPORT FUNDING METHODOLOGY

Funding for the Airport operations is predicated upon the stipulations in the Airport Use and Lease Agreements between the Authority and the Airlines. The Airport Use and Lease Agreements set the terms of the business relationship between the Authority and the Airlines. Key terms in the Use and Lease Agreements include rental rates, activity fee methodology, utilities, etc. Once an airline signs a Use and Lease Agreement, it is designated a "Signatory Airline." The Use and Lease Agreements also determine the budget and financing (activity fee) methodologies that the Authority and Airlines agree to follow. Airport budget methodologies throughout the United States are usually characterized as either compensatory or residual, although some airports have hybrid methodology that combines both features.

**WAYNE COUNTY AIRPORT AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)**

September 30, 2005

The Airport operates under a residual methodology. The methodology places additional risk to the Signatory Airlines, as these Airlines guarantee the net cost of operating the entire Airport. This obligation includes operating expenses and all debt service requirements of the Airport. If the Airport incurs a deficit in a particular year, it has the ability to increase rates to the Signatory Airlines up to the amount of the deficit. Conversely, if the Airport realizes a surplus, the Airport must refund the surplus to the Signatory Airlines.

The residual methodology agreed upon by the Signatory Airlines and the Authority creates a funding mechanism that is not congruent with financial statement reporting standards. Although the Signatory Airlines are required to fund any deficit of the Airport, this deficit is not equivalent to "Operating Loss" or any other designation on the financial statements. Since the Airport utilizes the residual methodology, annual operating costs and debt service requirements of the Airport have been funded.

FINANCIAL HIGHLIGHTS

The financial highlights for fiscal year 2005 were influenced by many sources, many of which were non-airline. Non-airline revenues increased 17% over 2004, with increases in all non-airline categories, including parking, concessions, car rentals, and the hotel. Overall operating revenues increased 3.1% over 2004. Operating expenses increased only 1.5% over 2004. Increases in salaries and depreciation were offset by decreases in professional and contractual services. Overall net assets were virtually unchanged as a result of these events decreasing by 1.5% from 2004.

Statement of Net Assets

The statement of net assets includes all assets and liabilities and net assets resulting from the difference between total assets and total liabilities. Assets and liabilities are generally measured using current values. One exception is capital assets, which are stated at historical cost less an allowance for depreciation.

**WAYNE COUNTY AIRPORT AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)**

September 30, 2005

The condensed summary of the Authority's net assets as of September 30, 2005 and 2004 is:

| | <u>2005</u> <u>(000's)</u> | <u>2004</u> <u>(000's)</u> |
|---|---|---|
| ASSETS: | | |
| Current unrestricted assets | \$ 110,465 | \$ 95,418 |
| Current restricted assets | 743,272 | 412,566 |
| Noncurrent restricted assets | 189,667 | 83,130 |
| Capital assets | 2,111,862 | 2,097,496 |
| Other assets | 42,882 | 34,241 |
| Total assets | <u>3,198,148</u> | <u>2,722,851</u> |
| LIABILITIES: | | |
| Current liabilities | 61,465 | 51,615 |
| Current liabilities payable from restricted assets | 78,923 | 68,600 |
| Long-term liabilities | 2,337,507 | 1,871,727 |
| Total liabilities | <u>2,477,895</u> | <u>1,991,942</u> |
| NET ASSETS: | | |
| Invested in capital assets, net of related debt | 235,042 | 369,008 |
| Restricted | 386,025 | 273,179 |
| Unrestricted | 99,186 | 88,722 |
| TOTAL NET ASSETS | <u><u>\$ 720,253</u></u> | <u><u>\$ 730,909</u></u> |

Current assets consist mainly of cash and investments, accounts receivable, and amounts due from other governmental units. Non-current restricted assets consist of cash and investments. All cash and investments of the Authority are invested according to legal requirements established by the legislature of the State of Michigan. In accordance with State law, investments are restricted to various U.S. government securities, certificates of deposit, commercial paper, and repurchase agreements. Other assets consist primarily of bond issuance cost, net of related amortization.

**WAYNE COUNTY AIRPORT AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)**

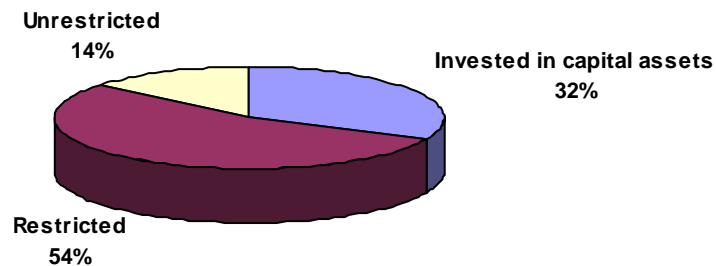
September 30, 2005

In accordance with the terms of applicable ordinances, the Authority is required to restrict assets for various purposes. Net assets have been restricted related to certain restricted assets. Assets have been restricted for operations and maintenance, replacement and improvements, construction, bond and interest redemption, passenger facility charges, and drug enforcement.

Current liabilities consist mainly of accounts payable, payroll-related liabilities, accrued vacation and sick time, retainage, security, and performance deposits.

Net assets decreased by \$10 million in fiscal year ended September 30, 2005. Increases in parking, concession fees, car rentals, and hotel revenue were offset by increases in salaries, depreciation, and hotel management. A decrease in capital contributions also contributed to the decrease in net assets.

The chart below illustrates a breakdown of total net assets as of September 30, 2005:



Approximately 54% of the Airport's 2005 net assets are restricted for future debt service, capital construction and replacement, bond and interest redemption, and passenger facility charges, subject to federal regulations. Amounts invested in capital assets, net of related debt, account for approximately 32% of total net assets and represent land, buildings, improvements, and equipment, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

The remaining net assets include unrestricted net assets of \$99.1 million, which may be used to meet any of the Authority's ongoing operations. Net assets invested in capital

**WAYNE COUNTY AIRPORT AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)**

September 30, 2005

assets decreased by \$134 million from \$369 million at September 30, 2004 to \$235 million at September 30, 2005. The decrease is primarily due to an increase of \$101.1 million in accumulated depreciation and a net increase in outstanding debt of \$151.9 million in 2005.

Restricted net assets increased \$112.8 million at September 30, 2005 over September 30, 2004. This increase is due to increases in assets held for debt service and capital projects, resulting from the 2005 series bonds issued during fiscal year 2005.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

Capital activity for fiscal year 2005 was limited to a number of residual and final closeout payments for many projects substantially completed in previous fiscal years.

The Authority is authorized to issue airport revenue bonds to finance the cost of capital projects and include the debt service on such bonds in the fees and charges of the Signatory Airlines only after receiving approval of a Weighted Majority for such capital projects. As of September 30, 2005, the Authority had approximately \$2.39 billion in outstanding bonded and other debt, both senior and subordinate, paying fixed and variable rates. The total annual debt service (principal and interest) was approximately \$139.8 million in 2005, and long-term debt amounting to \$55.3 million was paid off during the year.

The series 2005 bonds were issued during the fiscal year to provide supplemental funding for two major projects: the North Terminal redevelopment project and the McNamara Terminal expansion phase II project. Collectively, the bonds issued totaled \$507 million. The 2004 series bonds were also issued to refund the 1994B series bonds during fiscal year 2005. It is anticipated that these refunding bonds will decrease future debt-related costs by \$1.7 million over the next 20 years.

Moody's, Standard and Poor's, and Fitch have assigned their municipal bond ratings of A2 (stable), A (stable), and A (stable), respectively, to the Series 2005 bonds, based upon the underlying credit without regard to bond insurance. Moody's and Standard and Poor's upgraded the underlying bonds from an "A3" to "A2" and "A-" to "A", respectively. Fitch affirmed its "A" rating.

More detailed information on long-term debt and capital asset activity can be found in notes 6 and 7 included in the Notes to Basic Financial Statements section of this report.

**WAYNE COUNTY AIRPORT AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)**

September 30, 2005

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS**

The Statement of Revenues, Expenses, and Changes in Net Assets presents the operating results of the Authority, as well as the nonoperating revenues and expenses. Operating revenues include both airline and non-airline revenues and primarily consist of landing and related fees, terminal building rental and fees, parking fees, concession fees, car rental, and hotel revenues. Nonoperating revenues consist primarily of passenger facility charges, federal and state grants, and interest income. Interest expense is the most significant nonoperating expense.

A summarized comparison of the Authority's revenues, expenses, and changes in net assets for the years ended September 30, 2005 and 2004 follows:

**WAYNE COUNTY AIRPORT AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)**

September 30, 2005

| | 2005 | 2004 |
|--|--------------------------|--------------------------|
| | <u>(000's)</u> | <u>(000's)</u> |
| Operating revenues: | | |
| Airline revenues: | | |
| Airport landing and related fees | \$ 73,872 | \$ 89,179 |
| Terminal building rentals and fees | 25,832 | 24,992 |
| Facility use fees | 7,568 | 6,460 |
| Non-airline revenues: | | |
| Parking fees | 46,004 | 38,842 |
| Concession fees | 26,415 | 25,185 |
| Car rental | 18,082 | 16,724 |
| Hotel | 29,213 | 24,834 |
| Other | 24,402 | 17,575 |
| Total Operating Revenues | <u>251,388</u> | <u>243,791</u> |
| Operating expenses: | | |
| Salaries, wages, and fringe benefits | 66,623 | 62,191 |
| Parking management | 10,647 | 9,726 |
| Hotel management | 21,870 | 19,672 |
| Depreciation | 103,632 | 100,235 |
| Professional and contractual services | 30,126 | 34,521 |
| Utilities | 21,828 | 20,303 |
| Building, ground, equipment maintenance | 30,795 | 31,442 |
| Other expenses | 28,030 | 30,704 |
| Total Operating Expenses | <u>313,551</u> | <u>308,794</u> |
| Operating loss | (62,163) | (65,003) |
| Nonoperating revenues (expenses): | | |
| Passenger facility charges | 70,695 | 67,902 |
| Other nonoperating revenues | 35,368 | 17,239 |
| Interest expense | (92,389) | (83,573) |
| Other nonoperating expenses | (2,106) | (1,857) |
| Net nonoperating revenues (expenses) | <u>11,568</u> | <u>(289)</u> |
| Net loss before capital contribution | (50,595) | (65,292) |
| Capital contribution | <u>39,939</u> | <u>60,334</u> |
| Change in net assets | (10,656) | (4,958) |
| Net assets, beginning of the year | <u>730,909</u> | <u>735,867</u> |
| Net assets, end of the year | <u><u>\$ 720,253</u></u> | <u><u>\$ 730,909</u></u> |

WAYNE COUNTY AIRPORT AUTHORITY MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

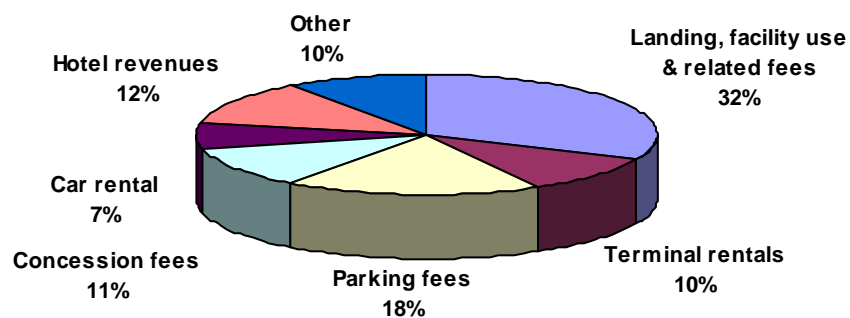
September 30, 2005

A summary of the total revenues and total expenses is shown below:

| | 2005 <u>(000's)</u> | 2004 <u>(000's)</u> |
|-----------------------------|--------------------------------------|--------------------------------------|
| Revenues: | | |
| Total operating revenues | \$ 251,388 | \$ 243,791 |
| Total nonoperating revenues | <u>106,063</u> | <u>85,141</u> |
| Total Revenues | <u>\$ 357,451</u> | <u>\$ 328,932</u> |
| Expenses: | | |
| Total operating expenses | \$ 313,551 | \$ 308,794 |
| Total nonoperating expenses | <u>94,495</u> | <u>85,430</u> |
| Total Expenses | <u>\$ 408,046</u> | <u>\$ 394,224</u> |

Operating Revenues

The chart below illustrates the sources of total operating revenue for the year ended September 30, 2005:



**WAYNE COUNTY AIRPORT AUTHORITY
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(UNAUDITED)**

September 30, 2005

Operating revenues increased by 3.1% from \$243.8 million in 2004 to \$251.4 million in 2005, primarily due to increases in hotel revenues and parking fees eclipsing decreases in landing and related fees.

Hotel revenues increased \$4.4 million over fiscal year 2004. Increased marketing efforts, including capturing additional market share from surrounding area hotels, led to this increase over 2004. Hotel occupancy, revenue per available room, and the average daily room rate increased 17%, 23%, and 5%, respectively, over 2004.

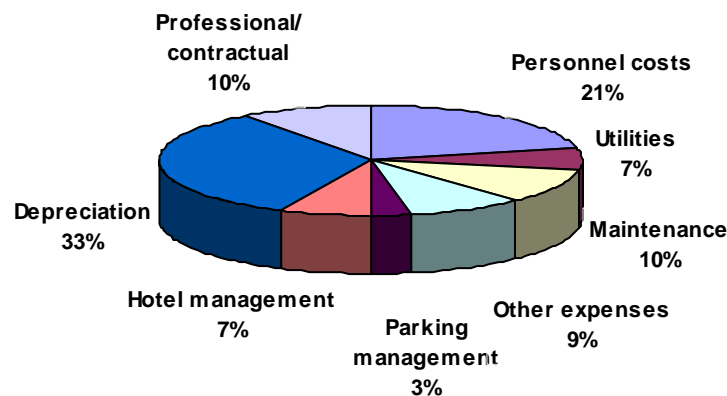
Parking revenues increased \$7.2 million in fiscal year 2005. Implementation of a new advertising campaign strategy utilizing billboard and radio advertising resulted in parking 900 additional vehicles daily.

Other non-airline revenues increased by \$6.8 million over 2004. A new taxi-cab contract, coupled with increased utilization in land lease revenues, contributed significantly to this increase.

Landing and related fees decreased by \$15.3 million in fiscal year 2004. Increases in other revenue sources allowed the Authority to reduce the landing fee, resulting in decreased landing fee revenues. Overall, all other revenues (exclusive of landing and related fees) increased \$22.9 million (14.8%) over 2004.

Operating Expenses

The chart below illustrates the components of total operating expenses for the year ended September 30, 2005:



**WAYNE COUNTY AIRPORT AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)**

September 30, 2005

Operating expenses for the Authority increased by \$4.8 million (1.5%) in fiscal year 2005 over fiscal year 2004. Increases in salaries and benefits were offset by decreases in professional and contractual services.

Salaries, wages, and fringe benefits increased by \$4.4 million over 2004. Retroactive pay increases, together with increases in fringe benefit related expenses, contributed to this increase.

Professional and contractual services decreased by \$4.4 million from 2004. Decreased activity in the residential sound insulation program (RSIP) expenditures led to this reduction, as this program is concluding.

Nonoperating Revenues and Expenses and Contributed Capital

Total nonoperating activities led to a net nonoperating revenue increase of \$11.9 million in 2005. Increases in interest income and federal and state grants were offset by increases in interest expenses. The issuance of the 2005 bonds contributed to both the increase in interest income and interest expense. Federal grants increased by \$5.6 million, as grants related to the RSIP increased in 2005. Grants related to RSIP expenses are dependant upon funding available and 2005 captured additional funding that was not available in 2004.

Capital contributions decreased by \$20.4 million over 2004. Fiscal year 2004 included an aircraft maintenance hangar as a capital contribution. There were no comparable additions in 2005.



KPMG LLP

Suite 1200

150 West Jefferson

Detroit, MI 48226-4429

Independent Auditors' Report

The Board of Directors
Wayne County Airport Authority:

We have audited the accompanying basic financial statements of each major fund of the Wayne County Airport Authority (the Authority), a component unit of the Charter County of Wayne, Michigan (the County), as of and for the year ended September 30, 2005, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Wayne County Airport Authority as of September 30, 2005, and the respective changes in financial position and cash flows thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2006 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The Management Discussion and Analysis on pages 3 through 12 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and statistical section, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

March 10, 2006

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Net Assets

September 30, 2005

| | <u>Detroit Metropolitan Airport Fund</u> | <u>Willow Run Airport Fund</u> | <u>Airport Hotel Fund</u> | <u>Total</u> |
|--|---|---|--------------------------------------|----------------------|
| Assets: | | | | |
| Current assets: | | | | |
| Unrestricted current assets: | | | | |
| Cash and investments (note 4) | \$ 79,187,804 | 161,354 | 1,027,957 | 80,377,115 |
| Accounts receivable, less allowance (note 2) | 14,134,496 | 840,333 | 614,747 | 15,589,576 |
| Due from other governmental units | 10,458,079 | 4,040,453 | — | 14,498,532 |
| Total unrestricted current assets | <u>103,780,379</u> | <u>5,042,140</u> | <u>1,642,704</u> | <u>110,465,223</u> |
| Restricted current assets (notes 4 and 5): | | | | |
| Cash and investments | 719,978,353 | 2,103,172 | 9,182,461 | 731,263,986 |
| Accounts receivable | 11,969,177 | 8,008 | 30,286 | 12,007,471 |
| Total restricted current assets | <u>731,947,530</u> | <u>2,111,180</u> | <u>9,212,747</u> | <u>743,271,457</u> |
| Total current assets | <u>835,727,909</u> | <u>7,153,320</u> | <u>10,855,451</u> | <u>853,736,680</u> |
| Noncurrent assets: | | | | |
| Restricted cash and investments (notes 4 and 5) | 189,667,441 | — | — | 189,667,441 |
| Capital assets (note 6): | | | | |
| Land | 156,296,459 | 13,726,984 | — | 170,023,443 |
| Buildings and improvements | 1,425,827,369 | 5,432,801 | 92,060,905 | 1,523,321,075 |
| Paving | 603,038,962 | 44,079,952 | — | 647,118,914 |
| Systems | 288,653,595 | 10,598,574 | — | 299,252,169 |
| Equipment | 46,383,071 | 2,189,585 | 180,432 | 48,753,088 |
| Infrastructure | 182,653,896 | 8,283,909 | — | 190,937,805 |
| Construction in progress | 142,581,509 | 9,846,365 | — | 152,427,874 |
| Total capital assets | <u>2,845,434,861</u> | <u>94,158,170</u> | <u>92,241,337</u> | <u>3,031,834,368</u> |
| Less accumulated depreciation | <u>856,780,865</u> | <u>53,963,136</u> | <u>9,228,594</u> | <u>919,972,595</u> |
| Net capital assets | <u>1,988,653,996</u> | <u>40,195,034</u> | <u>83,012,743</u> | <u>2,111,861,773</u> |
| Other assets: | | | | |
| Bond issuance cost, less amortization (note 2) | 29,617,612 | — | 5,961,307 | 35,578,919 |
| Accounts receivable, less allowance (note 2) | 1,062,914 | 35,112 | — | 1,098,026 |
| Advances to other funds | 4,042,783 | — | — | 4,042,783 |
| Prepaid expenses | 1,996,019 | — | 165,917 | 2,161,936 |
| Total other assets | <u>36,719,328</u> | <u>35,112</u> | <u>6,127,224</u> | <u>42,881,664</u> |
| Total noncurrent assets | <u>2,215,040,765</u> | <u>40,230,146</u> | <u>89,139,967</u> | <u>2,344,410,878</u> |
| Total assets | <u>\$ 3,050,768,674</u> | <u>47,383,466</u> | <u>99,995,418</u> | <u>3,198,147,558</u> |

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Net Assets

September 30, 2005

| | <u>Detroit Metropolitan Airport Fund</u> | <u>Willow Run Airport Fund</u> | <u>Airport Hotel Fund</u> | <u>Total</u> |
|--|---|---|--------------------------------------|----------------------|
| Liabilities: | | | | |
| Current liabilities: | | | | |
| Payable from current assets: | | | | |
| Accounts payable | \$ 24,548,065 | 2,569,503 | 867,164 | 27,984,732 |
| Accrued wages and benefits | 2,310,578 | 58,788 | — | 2,369,366 |
| Due to other governmental units | 18,637 | — | — | 18,637 |
| Due to primary government | 1,042,618 | 2,426 | — | 1,045,044 |
| Deferred revenue | 1,946,581 | 14,520 | — | 1,961,101 |
| Other accrued liabilities | 27,617,785 | 468,400 | — | 28,086,185 |
| Total current liabilities payable from current assets | <u>57,484,264</u> | <u>3,113,637</u> | <u>867,164</u> | <u>61,465,065</u> |
| Payable from restricted current assets: | | | | |
| Accrued interest payable | 33,219,577 | — | 2,294,290 | 35,513,867 |
| Bonds payable and other debt (note 7) | 39,190,000 | 19,476 | 874,855 | 40,084,331 |
| Deferred revenue | 302,089 | 3,022,741 | — | 3,324,830 |
| Total current liabilities payable from restricted current assets | <u>72,711,666</u> | <u>3,042,217</u> | <u>3,169,145</u> | <u>78,923,028</u> |
| Total current liabilities | <u>130,195,930</u> | <u>6,155,854</u> | <u>4,036,309</u> | <u>140,388,093</u> |
| Long-term liabilities: | | | | |
| Advances from other funds | — | 4,042,783 | — | 4,042,783 |
| Deferred revenue | 1,204,943 | — | — | 1,204,943 |
| Bonds payable and other debt, net (note 7) | <u>2,217,495,515</u> | <u>699,861</u> | <u>114,063,548</u> | <u>2,332,258,924</u> |
| Total long-term liabilities | <u>2,218,700,458</u> | <u>4,742,644</u> | <u>114,063,548</u> | <u>2,337,506,650</u> |
| Total liabilities | <u>2,348,896,388</u> | <u>10,898,498</u> | <u>118,099,857</u> | <u>2,477,894,743</u> |
| Net assets: | | | | |
| Investment in capital assets, net of related debt | 194,847,169 | 40,195,034 | — | 235,042,203 |
| Restricted for: | | | | |
| Capital projects | 96,158,258 | — | — | 96,158,258 |
| Debt service | 259,556,145 | — | — | 259,556,145 |
| Operations | 27,758,478 | — | — | 27,758,478 |
| Drug enforcement | 2,551,736 | — | — | 2,551,736 |
| Unrestricted (deficit) | <u>121,000,500</u> | <u>(3,710,066)</u> | <u>(18,104,439)</u> | <u>99,185,995</u> |
| Total net assets (deficit) | <u>\$ 701,872,286</u> | <u>36,484,968</u> | <u>(18,104,439)</u> | <u>720,252,815</u> |

See accompanying notes to basic financial statements.

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Revenues, Expenses, and Changes in Net Assets

Year ended September 30, 2005

| | Detroit Metropolitan Airport Fund | Willow Run Airport Fund | Airport Hotel Fund | Total |
|--|--|------------------------------------|-------------------------------|---------------------|
| Operating revenues: | | | | |
| Airline revenues: | | | | |
| Airport landing and related fees | \$ 73,190,910 | 681,424 | — | 73,872,334 |
| Terminal building rentals and fees | 23,884,042 | 1,947,671 | — | 25,831,713 |
| Facility use fees | 7,074,401 | 493,632 | — | 7,568,033 |
| Nonairline revenues: | | | | |
| Parking fees | 46,003,468 | — | — | 46,003,468 |
| Concession fees | 26,415,027 | — | — | 26,415,027 |
| Car rental | 18,081,464 | — | — | 18,081,464 |
| Hotel | — | — | 29,213,232 | 29,213,232 |
| Employee shuttle bus | 5,331,254 | — | — | 5,331,254 |
| Ground transportation | 3,878,893 | 255,396 | — | 4,134,289 |
| Utility service fees | 3,720,697 | 101,172 | — | 3,821,869 |
| Rental facilities | 3,143,767 | — | — | 3,143,767 |
| Other | 6,954,640 | 1,016,731 | — | 7,971,371 |
| Total operating revenues | <u>217,678,563</u> | <u>4,496,026</u> | <u>29,213,232</u> | <u>251,387,821</u> |
| Operating expenses: | | | | |
| Salaries, wages, and fringe benefits | 64,515,122 | 2,108,371 | — | 66,623,493 |
| Parking management | 10,647,259 | — | — | 10,647,259 |
| Hotel management | — | — | 21,870,313 | 21,870,313 |
| Shuttle bus services | 10,354,225 | — | — | 10,354,225 |
| Janitorial services | 1,995,298 | 14,950 | — | 2,010,248 |
| Security | 3,462,682 | — | — | 3,462,682 |
| Professional and other contractual services | 28,767,704 | 1,358,140 | 247 | 30,126,091 |
| Utilities | 20,964,554 | 863,370 | — | 21,827,924 |
| Buildings and grounds maintenance | 18,018,955 | 102,858 | — | 18,121,813 |
| Equipment repair and maintenance | 12,525,693 | 146,964 | — | 12,672,657 |
| Materials and supplies | 4,095,335 | 78,919 | — | 4,174,254 |
| Insurance | 3,341,987 | — | — | 3,341,987 |
| Other | 2,981,823 | 1,455,737 | 248,500 | 4,686,060 |
| Depreciation | 98,550,612 | 1,372,250 | 3,709,044 | 103,631,906 |
| Total operating expenses | <u>280,221,249</u> | <u>7,501,559</u> | <u>25,828,104</u> | <u>313,550,912</u> |
| Operating income (loss) | <u>(62,542,686)</u> | <u>(3,005,533)</u> | <u>3,385,128</u> | <u>(62,163,091)</u> |
| Nonoperating revenues (expenses): | | | | |
| Passenger facility charges | 70,694,871 | — | — | 70,694,871 |
| Federal and state grants | 15,643,226 | 30,000 | — | 15,673,226 |
| Net insurance recovery | — | 500,364 | — | 500,364 |
| Interest income | 18,856,021 | 112,619 | 226,206 | 19,194,846 |
| Interest expense | (85,923,181) | (36,766) | (6,429,472) | (92,389,419) |
| Amortization of bond issuance costs | (1,773,368) | — | (332,116) | (2,105,484) |
| Total nonoperating revenue (expense) | <u>17,497,569</u> | <u>606,217</u> | <u>(6,535,382)</u> | <u>11,568,404</u> |
| Net loss before capital contributions and transfers | <u>(45,045,117)</u> | <u>(2,399,316)</u> | <u>(3,150,254)</u> | <u>(50,594,687)</u> |
| Capital contributions | 33,617,745 | 6,321,241 | — | 39,938,986 |
| Transfers in (out) | <u>(350,000)</u> | <u>350,000</u> | <u>—</u> | <u>—</u> |
| Changes in net assets | <u>(11,777,372)</u> | <u>4,271,925</u> | <u>(3,150,254)</u> | <u>(10,655,701)</u> |
| Net assets (deficit) – beginning of year | <u>713,649,658</u> | <u>32,213,043</u> | <u>(14,954,185)</u> | <u>730,908,516</u> |
| Net assets (deficit) – end of year | <u>\$ 701,872,286</u> | <u>36,484,968</u> | <u>(18,104,439)</u> | <u>720,252,815</u> |

See accompanying notes to basic financial statements.

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Cash Flows

Year ended September 30, 2005

| | Detroit Metropolitan Airport Fund | Willow Run Airport Fund | Airport Hotel Fund | Total |
|---|--|------------------------------------|-------------------------------|---------------|
| Cash flows from operating activities: | | | | |
| Receipts from customers and users | \$ 221,967,662 | 4,075,066 | 29,485,031 | 255,527,759 |
| Payments to suppliers | (114,198,377) | (2,574,694) | (22,140,285) | (138,913,356) |
| Payments to employees | (64,393,645) | (2,119,465) | — | (66,513,110) |
| Payments to Wayne County for services provided | (133,099) | — | — | (133,099) |
| Payments (to) from other funds for services provided | (893,061) | 893,061 | — | — |
| Return of customer deposits | (2,064,561) | — | — | (2,064,561) |
| Collection of customer deposits | 3,448,100 | 115,937 | — | 3,564,037 |
| Net cash provided by operating activities | 43,733,019 | 389,905 | 7,344,746 | 51,467,670 |
| Cash flows from noncapital financing activities: | | | | |
| Passenger facility charges received | 693,215 | — | — | 693,215 |
| Grants from federal/state government | 21,604,030 | 30,000 | — | 21,634,030 |
| Net cash provided by noncapital financing activities | 22,297,245 | 30,000 | — | 22,327,245 |
| Cash flows from capital and related financing activities: | | | | |
| Capital contributions received | 27,889,753 | 2,470,109 | — | 30,359,862 |
| Passenger facility charges received | 70,366,239 | — | — | 70,366,239 |
| Proceeds from capital debt | 510,082,416 | — | — | 510,082,416 |
| Principal paid on capital debt | (55,245,000) | (18,066) | — | (55,263,066) |
| Acquisition and construction of capital assets | (104,248,950) | (6,924,116) | (244,909) | (111,417,975) |
| Proceeds on disposal of assets | — | 1,000,000 | — | 1,000,000 |
| Interest paid on capital debt | (78,057,856) | (36,766) | (6,451,174) | (84,545,796) |
| Net cash provided by (used in) capital and related financing activities | 370,786,602 | (3,508,839) | (6,696,083) | 360,581,680 |
| Cash flows from investing activities: | | | | |
| Interest and dividends received | 16,329,965 | 108,398 | 216,374 | 16,654,737 |
| Purchases of investments | (494,808,996) | — | (2,557,000) | (497,365,996) |
| Maturities of investments | 191,599,912 | — | 1,484,380 | 193,084,292 |
| Net cash provided by (used in) investing activities | (286,879,119) | 108,398 | (856,246) | (287,626,967) |
| Net increase (decrease) in cash and cash equivalents | 149,937,747 | (2,980,536) | (207,583) | 146,749,628 |
| Cash and cash equivalents – beginning of year | 357,622,955 | 5,245,062 | 8,860,001 | 371,728,018 |
| Cash and cash equivalents – end of year | \$ 507,560,702 | 2,264,526 | 8,652,418 | 518,477,646 |

WAYNE COUNTY AIRPORT AUTHORITY

Statement of Cash Flows

Year ended September 30, 2005

| | Detroit Metropolitan Airport Fund | Willow Run Airport Fund | Airport Hotel Fund | Total |
|--|--|------------------------------------|-------------------------------|---------------|
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | |
| Operating income (loss) | \$ (62,542,686) | (3,005,533) | 3,385,128 | (62,163,091) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | |
| Depreciation expense | 98,550,612 | 1,372,250 | 3,709,044 | 103,631,906 |
| Insurance recovery on noncapital expenses | — | (370,561) | — | (370,561) |
| Decrease (increase) in accounts receivable | (1,136,351) | 658,018 | 520,299 | 41,966 |
| Increase (decrease) in due from/to other funds | (893,061) | 893,061 | — | — |
| (Increase) decrease in prepaid expenses | (907,453) | — | 25,457 | (881,996) |
| Increase (decrease) in accounts payable | 3,847,339 | 734,197 | (295,182) | 4,286,354 |
| Decrease in accrued wages and benefits | (693,593) | (36,206) | — | (729,799) |
| Decrease in due to primary government | (133,099) | — | — | (133,099) |
| Decrease in due to other governmental units | (31,438) | — | — | (31,438) |
| Increase in deferred revenue | 2,214,368 | 3,630 | — | 2,217,998 |
| Increase in other accrued liabilities | 5,458,381 | 141,049 | — | 5,599,430 |
| Total adjustments | 106,275,705 | 3,395,438 | 3,959,618 | 113,630,761 |
| Net cash provided by operating activities | \$ 43,733,019 | 389,905 | 7,344,746 | 51,467,670 |
| Cash and investments at September 30, 2005 consist of: | | | | |
| Cash and cash equivalents | \$ 507,560,702 | 2,264,526 | 8,652,418 | 518,477,646 |
| Investments | 481,272,896 | — | 1,558,000 | 482,830,896 |
| Total cash and investments | \$ 988,833,598 | 2,264,526 | 10,210,418 | 1,001,308,542 |

See accompanying notes to basic financial statements.

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

(1) The Reporting Entity

The Wayne County Airport Authority (the Authority) is an independent public benefit agency and considered an agency of the Charter County of Wayne, Michigan (the County) for the purposes of federal and state laws, but is not subject to any County charter requirements or the direction or control of either the Wayne County Executive or Commission. Pursuant to Public Act 90 (the Authority Act), Michigan Public Acts of 2002 (effective March 26, 2002), the Authority has operational jurisdiction of the Detroit Metropolitan Wayne County Airport (Metro Airport), the Willow Run Airport, and the Airport Hotel, with the exclusive right, responsibility, and authority to occupy, operate, control, and use them. The financial statements of the Authority include the operations of Metro Airport, the Willow Run Airport, and the Airport Hotel, and the Authority is included in the County's Comprehensive Annual Financial Report (CAFR) as a discretely presented component unit, in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*.

The Authority is directed and governed by a board consisting of seven members. The Governor of the State appoints two members of the board, one member is appointed by the legislative body of the County that owns Metro Airport, and four members of the board are appointed by the chief executive officer of the County.

Metro Airport has airport use contracts with 16 airlines. These airlines, along with their affiliates constitute approximately 99% of total landed weight in 2005. Metro Airport has agreements with various concessionaires (parking, food service, rental car agencies, etc.) for which Metro Airport pays a management fee or receives a commission.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The Authority uses the following major funds:

Detroit Metropolitan Airport Fund – This fund is used to account for the operations and maintenance of the Detroit Metropolitan Wayne County Airport.

Willow Run Airport Fund – This fund is used to account for the operations and maintenance of the Willow Run Airport.

Airport Hotel Fund – This fund is used to account for the activity associated with the funding, construction, furnishing, and operations of an airport hotel at the McNamara Terminal at the Detroit Metropolitan Wayne County Airport.

(b) Basis of Accounting and Measurement Focus

The financial statements of the Authority are presented on the accrual basis of accounting and are accounted for on the flow-of-economic-resources measurement focus; revenues are recorded when earned, and expenses are recorded as incurred.

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

As allowed by GASB Statement No. 20, the Authority follows all GASB pronouncements and Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with GASB pronouncements. The Authority has the option to apply FASB pronouncements issued after November 30, 1989, but has chosen not to do so.

(c) ***Cash and Investments***

Cash resources of the individual funds of the Authority, except as specifically stated by ordinance, are pooled and invested. Interest on pooled investments is allocated monthly among the respective funds based on average investment balances. Interest earned but not received at year-end is accrued. Investments are stated at fair market value, which is based on quoted market prices.

(d) ***Cash Flows***

For purposes of the statement of cash flows, the Authority considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents. All pooled investments qualify as cash equivalents.

(e) ***Passenger Facility Charges***

The Authority assesses passenger facility charges of \$4.50 per passenger enplanement. The passenger facility charges are recorded as nonoperating revenues and may only be expended on capital and noncapital projects approved by the federal government. Passenger facility charges are recorded upon receipt from airlines.

(f) ***Revenue Recognition***

Operating revenues are recorded as revenues at the time services are rendered. Nonexchange transactions, in which the Authority receives value without directly giving equal value in return, include grants and capital contributions. Federal and state grants and capital contributions are recognized as revenues when the eligibility requirements, if any, are met.

(g) ***Net Assets***

Equity is displayed in three components, as follows:

Invested in Capital, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first and then unrestricted resources when they are needed.

Unrestricted – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

The Airport Hotel and Willow Run Airport incurred unrestricted deficits for the year ended September 30, 2005 of \$18,104,439 and \$3,710,066, respectively. These deficits are expected to be funded by the improvement in future operations of both the Hotel and Willow Run Airport.

(h) Classification of Revenues and Expenses

The Authority has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

Operating – Operating revenues and expenses include activities that have the characteristics of exchange transactions, such as revenues from landing and related fees and concession fees, and expenses paid to employees and vendors.

Nonoperating – Nonoperating revenues and expenses include activities that have the characteristics of nonexchange transactions that are defined as nonoperating by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, such as revenue from federal and state grants and contributions and investment income, and expenses for capital debt.

(i) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(j) Capital Assets

Capital assets are stated at the estimated historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

| | |
|----------------------------|---------------|
| Buildings and improvements | 5 – 25 years |
| Paving | 25 years |
| Utility systems | 10 – 25 years |
| Equipment | 5 – 15 years |
| Vehicles | 5 – 15 years |
| Infrastructure | 8 – 50 years |

Expenditures with a cost of \$5,000 or more for capital assets and for major renewals and betterments that extend the estimated useful life of the assets are capitalized; routine maintenance and repairs are charged to expense as incurred. All costs relating to the construction of property and equipment owned by the Authority are capitalized, including salaries, employee benefits, and interest costs during construction. At the time fixed assets are sold, retired, or disposed of, the costs of such assets and related accumulated depreciation are removed from the accounts, and any gain or loss is reflected in the results of operations.

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

(k) *Compensated Absences*

The Authority's employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned, and sick pay vests upon completion of two years of service. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding these limitations are forfeited. A liability for accumulated unpaid vacation and sick pay has been recorded in the financial statements.

(l) *Retirement Contributions*

The Wayne County Employees' Retirement System, which includes the Authority personnel, is funded as pension costs are accrued. Prior service costs resulting from benefit improvements, plan amendments, actuarial gains or losses, and other reasons are generally reflected in contributions based upon a 15-year amortization period.

(m) *Accounts Receivable*

Net receivables at September 30, 2005 consist of trade receivables incurred by customers during the normal course of business. Total allowance for uncollectible accounts at September 30, 2005 was \$1,978,500, of which \$970,000 was for the Detroit Metropolitan Airport Fund, \$760,000 was for the Willow Run Airport Fund, and \$248,500 was for the Airport Hotel Fund.

(n) *Accounts Payable*

Total payables at September 30, 2005 consist of payables due to vendors used during the normal course of business.

(o) *Interfund Balances, Advances, and Transfers*

The interfund balances resulted from (1) the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, (2) the time lag between the dates payment between funds is made, and (3) overdrafts by individual funds of its share of pooled cash. Noncurrent balances arising in connection with interfund loans are reported as advances. *Advances to Other Funds* is an asset account used to record noncurrent portions of loans from one fund to another fund within the same reporting entity. Similarly, *Advances from Other Funds* is a liability account used to record noncurrent portions of debt owed by one fund to another fund within the same reporting entity.

Interfund transfers are used to move revenues from the fund that collects them to the fund that expends them.

(p) *Bond Issuance Costs*

Bond issuance costs are amortized over the period the bond is outstanding, based on the ratio of debt outstanding to original debt issued. Accumulated amortization at September 30, 2005 is \$9,562,764.

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

(q) *Deferral of Gains and Losses on Refundings*

The Authority defers the difference between the reacquisition price and the net carrying amount of the old debt in refundings in accordance with the provisions of GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*. The deferred amount is amortized and recorded as a component of interest expense in accordance with the standard.

(r) *New Accounting Pronouncements*

The Authority adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosure – an Amendment of GASB Statement No. 3*, for the year ended September 30, 2005. This pronouncement required additional disclosures presented in these notes, but has no impact on the net assets. These disclosures address common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign current risk.

(s) *Self-Insurance*

During the year ended September 30, 2004, the Authority became self-insured on its own for disability, unemployment, and liability insurance. Since no actual history prior to this could be determined for the Authority individually, the Authority started documenting a history in fiscal year 2004 and is conservatively adjusting the reserve until an appropriate liability can be determined based on actual claims incurred. The Authority charges its departments a specified percentage of gross payroll biweekly for these liabilities. Claims related to unemployment, disability, claim administration, deductibles, and legal bills for claims under \$50,000 are paid out of these funds. The Authority purchases commercial insurance for liability claims in excess of \$50,000. Settled claims have not exceeded this commercial coverage in the past two years.

During the year ended September 30, 2005, the Authority became self-insured on its own for health insurance and workers' compensation. Since no actual history prior to this could be determined for the Authority individually, the Authority started documenting a history in fiscal year 2005 and is conservatively adjusting the reserve until an appropriate liability can be determined based on actual claims incurred. The Authority charges its departments a specified percentage of gross payroll biweekly for these liabilities. The funds collected for workers' compensation are used to pay claims (wages and medical), third-party administration services, and loss control services. The Authority purchases commercial insurance for claims that exceed \$1 million. Settled claims have not exceeded this commercial coverage in fiscal year 2005. The funds collected for health insurance are used to pay all health claims, including dental. The only additional insurance the Authority has purchased for health claims is for the employees who have selected Blue Cross for their coverage. The Authority, as part of the County's umbrella, pays Blue Cross an amount quarterly for each participant for additional stop/loss coverage. This aggregate stop/loss coverage would become effective only when a claim would exceed approximately 120% of average medical claims experience within the group (which includes the County). This stop/loss threshold has not been met during the past three years.

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

A reconciliation of the Authority's self-insured claims liability at September 30, 2005 follows:

| | <u>Health insurance</u> | <u>Workers' compensation</u> | <u>Other claims</u> | <u>Total</u> |
|--|-----------------------------|----------------------------------|-------------------------|------------------|
| Claims liability, September 30, 2003 | \$ — | — | — | — |
| Claims incurred during fiscal year 2004 | — | — | 142,626 | 142,626 |
| Payments on claims | — | — | (129,138) | (129,138) |
| Establishment (reduction) of a reserve | — | — | 1,257,135 | 1,257,135 |
| Claims liability, September 30, 2004 | — | — | 1,270,623 | 1,270,623 |
| Claims incurred during fiscal year 2005 | 11,403,382 | 856,478 | 654,877 | 12,914,737 |
| Payments on claims | (10,853,382) | (291,478) | (349,481) | (11,494,341) |
| Establishment (reduction) of a reserve | 435,786 | 290,000 | (933,019) | (207,233) |
| Claims liability, September 30, 2005 | <u>\$ 985,786</u> | <u>855,000</u> | <u>643,000</u> | <u>2,483,786</u> |

(3) Major Customer

Northwest Airlines, Inc. (Northwest) accounts for approximately 27% of total Authority operating revenues for the year ended September 30, 2005, including approximately 61% of landing and related fees, approximately 69% of airline rental and related fees, and approximately 73% of facility use fees. Approximately 65% of total 2005 enplanements are attributable to Northwest's operations. In the event that Northwest discontinued its operations, there are no assurances that another airline would replace its hub activities.

Existing operating agreements with all Signatory Airlines servicing the Authority require that all remaining airlines would continue to pay the net operating costs and debt service requirements of the Authority. The Authority had approximately \$6.8 million in net receivables from Northwest at September 30, 2005.

The airlines serving the Airport have been impacted by global events and experienced an increase in costs and a resulting decline in financial condition to varying degrees. Several airlines have filed for bankruptcy, including Northwest Airlines, Mesaba Airlines, and Delta Airlines, while US Airways emerged from bankruptcy during the fiscal year (FY). United Airlines also emerged from bankruptcy in FY 2006. Neither Northwest Airlines, Mesaba Airlines, nor Delta Airlines has assumed or rejected its Airline Agreements; however, the three airlines continue to make payments owed to the Authority under their respective agreements.

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

It is reasonable to assume that any additional financial or operational difficulties incurred by Northwest, the predominant airline servicing the Airport, could have a material adverse effect on the Airport. Financial or operational difficulties by any of the other Signatory Airlines also may, whether directly or indirectly, have an adverse impact on Airport operations, the effect of which may be material.

(4) Deposits and Investments

Michigan Compiled Laws, Section 129.9 1 (Public Act 20 of 1943, as amended), authorizes the Authority to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Authority is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Authority in accordance with Public Act 20 of 1948, as amended, authorizes investments in U.S. Treasuries, U.S. agencies and instrumentalities (date-specific maturities only), non-negotiable certificates of deposit, commercial paper (rated A2/P2 or above), bankers' acceptances, repurchase agreements, overnight deposits, or mutual funds. For overnight deposits, the treasurer may invest overnight or short-term liquid assets to cover cash flow requirements in the following types of pools: investment pools organized under the Surplus Funds Investment Pool Act of 1982, PA 367, 1 MCL 129.111 to MCL 129.118, or investment pools organized under the Urban Cooperation Act of 1967, PA 7, MCL 124.501 to 124.512. For mutual funds, the treasurer may invest in no-load fixed-income mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan, either taxable or tax-exempt. This authorization is limited to mutual funds whose intent is to maintain a net asset value of \$1.00 per share.

The Authority's cash and investments are subject to several types of risk, which are examined in more detail below.

Credit risk – In compliance with State law, the Authority's investment policy limits investments of commercial paper to the two top ratings issued by nationally recognized statistical rating organizations. As of year-end, the credit quality ratings of investments (other than the U.S. government) are as follows:

| Investment | Fair value | Rating | Organization |
|--------------------|---------------|-----------|--------------|
| All airport funds: | | | |
| Money market funds | \$ 15,829,690 | AAA | S&P |
| Money market funds | 6,955,693 | Not Rated | PA 367 Fund |
| Commercial paper | 297,079,483 | A1 – P1 | S&P, Moody |
| Commercial paper | 31,000,000 | A2 – P2 | S&P, Moody |

Custodial credit risk of bank deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority's investment policy requires that deposits over the \$100,000 insured limit in a commercial bank shall not equal more than 25% of the

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

combined capital and surplus of that bank, and that bank must meet the minimum standards of at least one standard rating service. At year-end, the Authority had \$177,305,694 of bank deposits (certificates of deposit, checking, and savings accounts) that were largely uninsured and uncollateralized. The Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

Custodial credit risk of investments – Custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy requires that all investments not purchased directly from an issuer must be held in the name of the Authority, be purchased using the delivery vs. payment procedure, and be held in third-party safekeeping. At year-end, none of the Authority's investments was subject to custodial credit risk due to one of the following:

- Investments were held by a third-party safe-keeper in the Authority's name.
- Investments were held by the Authority's trustee in the Authority's name.
- Investments were part of a mutual fund.

Interest rate risk – Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Authority's investment policy addresses this risk by setting limits by investment fund type as follows:

| Investment fund | Maturity maximum |
|---|---|
| General Pool | 1 year |
| Bond Reserve | 5 years |
| Bond Payment and Capital Interest Funds | 1 business day prior to bond payment date |
| Construction Funds | Must match draw schedule or less |

Note: All commercial paper is limited by state statute to 270 days maximum.

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

At year-end, the average maturities of investments subject to interest rate risk are as follows:

| | <u>Fair value</u> | <u>Average maturity</u> |
|---|-----------------------|-----------------------------|
| Investments subject to risk: | | |
| General pool: | | |
| Commercial paper | \$ 31,000,000 | 15 days |
| Federal agencies | 9,893,239 | 105 days |
| Bond reserves: | | |
| U.S. Treasuries | 158,457,058 | 1.1 years |
| Long-term repo | 3,629,278 | 16.2 years |
| Bond payment funds: | | |
| U.S. Treasuries | 71,233,429 | 61 days |
| Capital interest funds: | | |
| 2003 Construction: | | |
| U.S. Treasuries | 18,081,325 | 154 days |
| 2005 Construction: | | |
| U.S. Treasuries | 73,065,721 | 466 days |
| Construction funds: | | |
| 2003 Construction: | | |
| Commercial paper | 55,558,443 | 4 days |
| 2005 Construction: | | |
| Commercial paper | 136,389,554 | 6 days |
| Federal agencies | 136,727,840 | 1.2 years |
| Other construction and operating: | | |
| Commercial paper | 104,971,502 | 4 days |
| Hotel: | | |
| Commercial paper | 159,984 | 4 days |
| U.S. Treasuries | 2,050,092 | 60 days |
| Investments subject to risk | 801,217,465 | |
| Deposits/investments not subject to risk: | | |
| Deposits | 177,305,694 | |
| Money market funds | 22,785,383 | |
| Total deposits and investments | \$ 1,001,308,542 | |

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

Concentration of credit risk – Through its investment policy, the Authority places limits on the amount the Authority may invest in any one issuer, along with the minimal capital strength of those issuers. There are also limits as to use of specific types of instruments, along with limits upon use of a single institution. These limits are as follows:

Limits using capital strength test – Maximum investment is 25% of combined capital and surplus position of that financial institution.

Limits based upon use of specific instruments:

| Investment type | Limit | Actual at year-end |
|--------------------------------|-------|--------------------|
| Bankers' acceptances | 50% | —% |
| Repurchase agreements | 25 | 0.4 |
| Certificates of deposit (bank) | 50 | 14.9 |
| Certificates of deposit (S&L) | 10 | 0.5 |
| Money market funds | 50 | 2.3 |
| Commercial paper | 60 | 32.8 |
| U.S. government | 100 | 46.9 |

Authority limits based upon use of a single issuer:

| Investment type | Limit |
|--------------------------------|------------------------|
| Bankers' acceptances | 25% of total portfolio |
| Repurchase agreements | 10% of total portfolio |
| Certificates of deposit (bank) | 33% of total portfolio |
| Certificates of deposit (S&L) | 5% of total portfolio |

Actual year-end investments in a single issuer exceeding 5% of total portfolio are as follows:

| Issuer | Investment type | Fair value | Percentage of portfolio | Rating |
|---------------|-------------------------|----------------|-------------------------|---------|
| Total Capital | Commercial paper | \$ 198,532,145 | 19.83% | A1+, P1 |
| RABUSA | Commercial paper | 90,413,957 | 9.03 | A1+, P1 |
| Comerica Bank | Certificates of deposit | 50,236,308 | 5.02 | A1, P1 |
| Bank One | Certificates of deposit | 60,294,778 | 6.02 | A1+, P1 |

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

(5) Restricted Assets

In accordance with the terms of applicable ordinances, the Authority is required to restrict assets for various purposes. Net assets have been restricted related to certain of the restricted assets. A summary of the restricted assets at September 30, 2005 is as follows:

| | |
|-------------------------------|------------------------------|
| Operations and maintenance: | |
| Cash and investments | \$ 27,701,347 |
| Accounts receivable | 57,131 |
| Total | <u>27,758,478</u> |
| Replacement and improvements: | |
| Cash and investments | <u>2,158,706</u> |
| Construction: | |
| Cash and investments | 473,562,238 |
| Accounts receivable | 2,053,434 |
| Total | <u>475,615,672</u> |
| Bond and interest redemption: | |
| Cash and investments | 332,090,291 |
| Accounts receivable | 2,859,817 |
| Total | <u>334,950,108</u> |
| Passenger facility charges: | |
| Cash and investments | 82,873,522 |
| Accounts receivable | 7,030,676 |
| Total | <u>89,904,198</u> |
| Drug enforcement: | |
| Cash and investments | 2,545,323 |
| Accounts receivable | 6,413 |
| Total | <u>2,551,736</u> |
| Total restricted assets | <u><u>\$ 932,938,898</u></u> |

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

(6) Capital Assets

Capital asset activity for the year ended September 30, 2005 was as follows:

| | <u>Beginning balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending balance</u> |
|---|------------------------------|---------------------|---------------------|---------------------------|
| Detroit Metropolitan Airport Fund: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 156,296,459 | — | — | 156,296,459 |
| Construction in progress | 45,472,314 | 106,676,673 | (9,567,478) | 142,581,509 |
| Total capital assets not being depreciated | <u>201,768,773</u> | <u>106,676,673</u> | <u>(9,567,478)</u> | <u>298,877,968</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 1,417,475,700 | 8,351,669 | — | 1,425,827,369 |
| Paving | 599,795,517 | 3,243,445 | — | 603,038,962 |
| Systems | 288,400,649 | 252,946 | — | 288,653,595 |
| Equipment | 43,502,302 | 2,880,769 | — | 46,383,071 |
| Infrastructure | 183,533,870 | 1,323,248 | (2,203,222) | 182,653,896 |
| Total capital assets being depreciated | <u>2,532,708,038</u> | <u>16,052,077</u> | <u>(2,203,222)</u> | <u>2,546,556,893</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 276,896,462 | 58,715,568 | — | 335,612,030 |
| Paving | 256,648,273 | 19,428,656 | — | 276,076,929 |
| Systems | 165,260,694 | 10,526,852 | — | 175,787,546 |
| Equipment | 33,938,895 | 3,048,396 | — | 36,987,291 |
| Infrastructure | 25,485,929 | 6,831,140 | — | 32,317,069 |
| Total accumulated depreciation | <u>758,230,253</u> | <u>98,550,612</u> | <u>—</u> | <u>856,780,865</u> |
| Total capital assets being depreciated, net | <u>1,774,477,785</u> | <u>(82,498,535)</u> | <u>(2,203,222)</u> | <u>1,689,776,028</u> |
| Total Detroit Metropolitan Airport Fund capital assets, net | <u>1,976,246,558</u> | <u>24,178,138</u> | <u>(11,770,700)</u> | <u>1,988,653,996</u> |

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

| | <u>Beginning balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| Willow Run Airport Fund: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 13,726,984 | — | — | 13,726,984 |
| Construction in progress | 6,118,193 | 6,601,630 | (2,873,458) | 9,846,365 |
| Total capital assets not being depreciated | 19,845,177 | 6,601,630 | (2,873,458) | 23,573,349 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 5,640,675 | 53,526 | (261,400) | 5,432,801 |
| Paving | 44,079,952 | — | — | 44,079,952 |
| Systems | 8,137,890 | 2,460,684 | — | 10,598,574 |
| Equipment | 3,970,494 | 681,734 | (2,462,643) | 2,189,585 |
| Infrastructure | 8,283,909 | — | — | 8,283,909 |
| Total capital assets being depreciated | 70,112,920 | 3,195,944 | (2,724,043) | 70,584,821 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 3,039,675 | 127,089 | (261,400) | 2,905,364 |
| Paving | 38,375,114 | 560,336 | — | 38,935,450 |
| Systems | 2,409,061 | 332,411 | — | 2,741,472 |
| Equipment | 3,431,479 | 317,878 | (2,333,568) | 1,415,789 |
| Infrastructure | 7,930,525 | 34,536 | — | 7,965,061 |
| Total accumulated depreciation | 55,185,854 | 1,372,250 | (2,594,968) | 53,963,136 |
| Total capital assets being depreciated, net | 14,927,066 | 1,823,694 | (129,075) | 16,621,685 |
| Total Willow Run Airport Fund capital assets, net | 34,772,243 | 8,425,324 | (3,002,533) | 40,195,034 |

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

| | <u>Beginning balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending balance</u> |
|--|------------------------------|--------------------|---------------------|---------------------------|
| Airport Hotel Fund: | | | | |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | \$ 91,970,438 | 90,467 | — | 92,060,905 |
| Equipment | <u>25,990</u> | <u>154,442</u> | <u>—</u> | <u>180,432</u> |
| Total capital assets being depreciated | <u>91,996,428</u> | <u>244,909</u> | <u>—</u> | <u>92,241,337</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 5,516,951 | 3,690,222 | — | 9,207,173 |
| Equipment | <u>2,599</u> | <u>18,822</u> | <u>—</u> | <u>21,421</u> |
| Total accumulated depreciation | <u>5,519,550</u> | <u>3,709,044</u> | <u>—</u> | <u>9,228,594</u> |
| Total capital assets being depreciated, net | <u>86,476,878</u> | <u>(3,464,135)</u> | <u>—</u> | <u>83,012,743</u> |
| Total Airport Hotel Fund capital assets, net | <u>86,476,878</u> | <u>(3,464,135)</u> | <u>—</u> | <u>83,012,743</u> |
| Total Authority capital assets, net | <u>\$ 2,097,495,679</u> | <u>29,139,327</u> | <u>(14,773,233)</u> | <u>2,111,861,773</u> |

A fire occurred at Willow Run Airport during fiscal year 2005. The disposals reflected for the capital assets being depreciated in the Willow Run Airport Fund are a result of this fire. The Willow Run Airport Fund received net insurance proceeds of \$500,364 during fiscal year 2005.

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

(7) Long-Term Debt

The detail of long-term debt at September 30, 2005 is as follows:

Detroit Metropolitan Airport Fund:

Airport Revenue Bonds (due serially December 1):

| | |
|---|---------------|
| Series 1994A, 3.5% to 5.875%, due 2008 | \$ 12,185,000 |
| Series 1996A, 3.65% to 5.72%, due 2016 | 49,110,000 |
| Series 1996B, 3.65% to 5.72%, due 2016 | 49,110,000 |
| Series 1998A, 4.2% to 5.5%, due 2028 | 807,850,000 |
| Series 1998B, 4.1% to 5.25%, due 2028 | 153,535,000 |
| Series 2001 Junior Lien, variable, current yield at 9/30/05, 2.8%, due 2008 | 89,180,000 |
| Series 2002A, variable, current yield at 9/30/05, 2.78%, due 2032 | 141,720,000 |
| Series 2002C, 3.0% to 5.375%, due 2020 | 26,235,000 |
| Series 2002D, 5.0% to 5.5%, due 2019 | 76,030,000 |
| Series 2003A-1, variable, current yield at 9/30/05, 2.75%, due 2033 | 75,000,000 |
| Series 2003A-2, variable, current yield at 9/30/05, 2.8%, due 2033 | 75,000,000 |
| Series 2003A-3, variable, current yield at 9/30/05, 2.65%, due 2033 | 64,975,000 |
| Series 2003B, variable, current yield at 9/30/05, 2.649%, due 2021 | 71,575,000 |
| Series 2003C, variable, current yield at 9/30/05, 2.55%, due 2021 | 50,950,000 |
| Series 2004, variable, current yield at 9/30/05, 2.6%, due 2024 | 11,575,000 |
| Series 2005, 3.5% to 5.25%, due 2034 | 507,135,000 |
| Installment purchase contract, 5.625%, due 5/11/2011 | 10,235,000 |

Total Detroit Metropolitan Airport Fund

2,271,400,000

Willow Run Airport Fund:

| | |
|--|---------|
| Notes payable—Washtenaw County, 0%, due 12/31/2019 | 277,527 |
| Notes payable—University of Michigan, 8%, due 9/1/2013 | 441,810 |

Total Willow Run Airport Fund

719,337

Airport Hotel Fund:

Airport Hotel Bonds (due serially December 1):

| | |
|--------------------------------------|------------|
| Series 2001A, 5.0% to 5.5%, due 2030 | 99,630,000 |
| Series 2001B, 6.0% to 6.6%, due 2015 | 11,290,000 |

Other Hotel debt:

| | |
|---|-----------|
| Capital/FF&E Reserve Loan, 8%, due 11/15/2017 | 5,000,000 |
| Working Capital Loan, 8%, due 11/15/2017 | 1,500,000 |

Total Airport Hotel Fund

117,420,000

Total Authority bonds payable and other debt

2,389,539,337

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

Add (less):

| | |
|------------------------------|-----------------|
| Deferred amount on refunding | \$ (21,577,732) |
| Certain bond discounts | (13,055,894) |
| Certain bond premiums | 17,437,544 |

Total Authority bonds payable and other debt, net 2,372,343,255

Less current portion 40,084,331

Total Authority bonds payable and other debt, noncurrent \$ 2,332,258,924

The annual requirements to pay principal and interest on the Authority's debt outstanding at September 30, 2005 are summarized as follows:

| Principal | | | | | | |
|--------------|--------------------------|-------------------------------------|--------------------|------------------------|---------------------|---------------|
| | Airport Revenue Bonds | Installment purchase contract | Willow Run debt | Airport Hotel Bonds | Other Hotel debt | Total |
| 2006 | \$ 37,695,000 | 1,495,000 | 19,476 | 100,000 | 774,855 | 40,084,331 |
| 2007 | 41,780,000 | 1,540,000 | 19,476 | 135,000 | 244,205 | 43,718,681 |
| 2008 | 43,685,000 | 1,630,000 | 19,476 | 210,000 | 264,474 | 45,808,950 |
| 2009 | 139,055,000 | 1,795,000 | 19,476 | 590,000 | 286,425 | 141,745,901 |
| 2010 | 63,985,000 | 1,895,000 | 19,476 | 765,000 | 310,198 | 66,974,674 |
| 2011 to 2015 | 377,365,000 | 1,880,000 | 539,187 | 7,240,000 | 1,982,673 | 389,006,860 |
| 2016 to 2020 | 433,855,000 | — | 82,770 | 14,590,000 | 2,637,170 | 451,164,940 |
| 2021 to 2025 | 439,050,000 | — | — | 29,310,000 | — | 468,360,000 |
| 2026 to 2030 | 457,310,000 | — | — | 46,235,000 | — | 503,545,000 |
| 2031 to 2035 | 227,385,000 | — | — | 11,745,000 | — | 239,130,000 |
| Total | \$ 2,261,165,000 | 10,235,000 | 719,337 | 110,920,000 | 6,500,000 | 2,389,539,337 |

| Interest | | | | | | |
|--------------|--------------------------|-------------------------------------|--------------------|------------------------|---------------------|---------------|
| | Airport Revenue Bonds | Installment purchase contract | Willow Run debt | Airport Hotel Bonds | Other Hotel debt | Total |
| 2006 | \$ 98,022,315 | 575,719 | 38,044 | 5,812,565 | 467,902 | 104,916,545 |
| 2007 | 92,642,463 | 491,625 | 38,044 | 5,805,515 | 449,186 | 99,426,833 |
| 2008 | 90,519,959 | 405,000 | 38,044 | 5,795,165 | 428,917 | 97,187,085 |
| 2009 | 87,803,408 | 313,313 | 38,044 | 5,771,018 | 406,966 | 94,332,749 |
| 2010 | 84,796,660 | 212,344 | 38,044 | 5,729,837 | 383,193 | 91,160,078 |
| 2011 to 2015 | 377,040,103 | 105,750 | 114,132 | 27,530,000 | 1,484,283 | 406,274,268 |
| 2016 to 2020 | 283,168,989 | — | — | 24,403,463 | 360,178 | 307,932,630 |
| 2021 to 2025 | 188,505,268 | — | — | 18,714,362 | — | 207,219,630 |
| 2026 to 2030 | 86,318,438 | — | — | 9,117,025 | — | 95,435,463 |
| 2031 to 2035 | 21,497,001 | — | — | 293,625 | — | 21,790,626 |
| Total | \$ 1,410,314,604 | 2,103,751 | 304,352 | 108,972,575 | 3,980,625 | 1,525,675,907 |

Pursuant to the Authority Act, the Authority is liable for all of the obligations with respect to the Authority, with the exception of the County's pledge of its limited tax full faith and credit, subject to constitutional, statutory, and charter tax rate limitations, associated with the \$110.9 million Airport Hotel Revenue Bonds, Series 2001A and 2001B, issued by the County. This includes all of the County's obligations on

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

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Outstanding Senior Lien Bonds and Junior Lien Bonds issued by the County under the County's Amended and Restated Master Airport Revenue Bond Ordinance No. 319 and its predecessor Ordinance 319, as amended and supplemented by various amending and supplemental ordinances adopted by the County, including the Series Ordinance adopted for each outstanding series of airport revenue bonds issued thereunder by the County (collectively, Ordinance 319). Pursuant to the Authority Act, the Authority is obligated to perform all of the duties, and is bound by all of the covenants, with respect to the Authority under any ordinances (including Ordinance 319), agreements, or other instruments and under law. Under the Authority Act, all airport revenue bonds issued by the Authority may be issued on a parity basis with the outstanding Senior Lien Bonds issued by the County under Ordinance 319 and additional bonds issued by the Authority under the Master Bond Ordinance, and secured by net revenues.

Net revenues (as defined in the various bond ordinances) of Metro Airport have been pledged toward the repayment of the Airport Revenue Bonds.

The Airport Revenue Bond Ordinances require that Metro Airport restrict assets to provide for the operations, maintenance, and administrative expenses of the subsequent month, the redemption of bond principal and interest, and for other purposes as defined in those ordinances.

In August 1993, the County entered into a \$445,801 note payable agreement to purchase the Packard Hangar, located at the Willow Run Airport, from the University of Michigan. The agreement calls for quarterly interest payments of \$9,511 commencing on September 1, 1993. Principal payments on the note are required if revenue in excess of \$60,000 is generated at the Packard Hangar site during any calendar year. In this situation, half of the revenue generated would be required to be paid to the University of Michigan. On September 1, 2013, any principal and interest remaining unpaid are due.

In May 1990, the County entered into agreements with Mesaba Aviation to issue approximately \$3.6 million in Airport Special Facility Revenue Bonds to finance the construction of an airline maintenance facility. All debt service costs will be paid by the airline through a trustee. The County and the Authority are not obligated in any manner to provide debt service in the event of default by Mesaba. The agreement also provides for the airline to construct a ramp and taxiway connection. As these bonds are payable from special facility lease rentals payable in full by the respective airlines, the related debt has not been reflected in the financial statements of the Authority.

In October 1996, the County issued \$135.8 million in Charter County of Wayne Airport Revenue Refunding Bonds, Series 1996A and 1996B, to retire Series 1986 Bonds at their earliest optional redemption date of December 1, 1996. The Series 1996A and 1996B Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport. The refunding bonds are subject to interest rate adjustments determined from time to time by a remarketing agent to reflect prevailing market. The interest rate borne by the bonds, however, is capped at 12%, or the maximum rate under Michigan law, so long as a letter of credit is in place. In anticipation of this refunding, in October 1993, the County entered into an interest rate swap agreement (the Swap) with a notional principal amount of \$126 million, which permitted the County to change the terms of the anticipated bond offering from a variable-rate to a fixed-rate coupon of 5.72%. Interest payments that are made to and received from the counterparty will be reflected as an adjustment of interest expense on the refunding bonds.

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Effective April 2, 2004, the Airport Authority entered into a wrapper supplement to the 1996 interest rate Swap Agreement, which swaps variable rate to fixed rate on the unhedged portion of 1996 Bonds and which extends final maturity of the Swap from 2008 to 2016 (the final maturity of the 1996 Bonds), resulting in a new fixed-rate coupon of 5.1082% and present value savings of \$2.9 million.

As of September 30, 2005, rates were as follows:

| Interest rate | Term | Rate |
|-----------------------------------|--------|---------|
| Fixed payment to counterparties | Fixed | 5.1082% |
| Variable rate from counterparties | BMA | 2.7500 |
| Net interest rate swap payments | | 2.3582 |
| Variable-rate bond payment | Market | 2.7900 |
| Synthetic interest rate on bonds | | 5.1482 |

Due to the reduction of interest rates since the execution of the Swap, the Swap had a negative fair value of \$8,023,009 as of September 30, 2005. Due to this negative fair value, the Authority was not exposed to a credit risk. However, should interest rates change and the fair value of the Swap become positive, the Authority would be exposed. The counterparties, Merrill Lynch and Goldman Sachs, both have S&P ratings of A+, Moody's ratings of AA3, and Fitch ratings of AA-, mitigating this risk.

The Swap exposes the Authority to basis risk should the relationship between BMA and the variable-rate bond payments cause the expected cost savings to not be realized. This risk is mitigated by the Authority's maintaining bond insurance, a liquidity facility, and an Authority debt program that limits exposure to synthetic issues to a maximum of 10% of the overall airport debt.

The Authority is also exposed to the risk of termination should either the counterparty or the Authority fail to perform under the terms of the contract. A termination during a negative value period could cause the Authority to be liable to the counterparty equal to the Swap fair value. This risk is mitigated by the Authority's maintaining bond insurance, a liquidity facility, and the overall debt program.

In June 1999, the County entered into agreements with Northwest to issue approximately \$15.2 million in Airport Special Facility Revenue Bonds to finance the construction of an aircraft maintenance facility. All debt service costs will be paid by the airline through a trustee. The County and the Authority are not obligated in any manner to provide debt service in the event of default by Northwest. As these bonds are payable from special facility lease rentals payable in full by Northwest, the related debt has not been reflected in the financial statements of the Authority.

In January 2001, the County issued \$141.9 million in Charter County of Wayne Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. The Series 2001 Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport and available after net revenues have first been set aside as required to pay the principal and interest and redemption price, if any, on Senior Lien Bonds, as provided in the Ordinance. The Series 2001 Bonds are "Junior Lien Bonds" under the Ordinance, and a statutory lien subordinate to the prior lien in respect of Senior Lien Bonds has been established under the Ordinance upon and against the net revenues to secure the payment of the Series 2001 Bonds.

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September 30, 2005

The Series 2001 Bonds are variable-rate bonds. The remarketing agent is responsible, under an agreement with Metro Airport, to establish the interest rate weekly. The interest rate is determined as the rate of interest that, in the judgment of the remarketing agent, would cause the Series 2001 Bonds to have a market value, as of the date of determination, equal to the principal amount, taking into account prevailing market provisions.

In March 2001, the County issued \$110.9 million in Airport Hotel Revenue Bonds, Series 2001A and Series 2001B. The 2001A Bonds, \$99.6 million, were issued for the purpose of paying the cost of acquiring, constructing, equipping, and furnishing an airport hotel (the Airport Hotel) and related improvements at the new McNamara Terminal of Metro Airport to be owned by the County. In addition, these bonds will pay capitalized interest and certain costs of issuance for this series. The 2001B Bonds, \$11.3 million, were issued for the purpose of paying the County Credit Enhancement Fee, funding the Operation and Maintenance Reserve Fund, and paying capitalized interest and certain costs of issuance related to this series.

The Authority has pledged all net Airport Hotel revenues solely for the payment of the Bonds and the Parity Obligations, and a statutory first lien has been granted upon all net Airport Hotel revenues for such purpose. In addition, the County has pledged its limited tax full faith and credit as additional security for payment of the principal, premium, if any, and interest on the bonds, subject to constitutional, statutory, and charter tax rate limitations.

In August 2001, the County entered into an Installment Purchase Contract for \$14.4 million to pay for energy conservation improvements at Metro Airport.

In December 2001, the County entered into a \$292,133 note payable with Washtenaw County to allow Washtenaw County to use its Michigan Community Development Block Grant to assist Willow Run Airport in renovating Hangar I. The agreement calls for the principal to be paid in quarterly installments commencing March 31, 2005.

In May 2002, the County issued \$141.7 million in Charter County of Wayne Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. The Series 2002A Bonds are revenue obligations of the Authority payable solely from the net revenues derived from the operation of Metro Airport.

The Series 2002A Bonds are variable-rate bonds. The remarketing agent is responsible, under an agreement with Metro Airport, to establish the interest rate weekly. The interest rate is determined as the rate of interest that, in the judgment of the remarketing agent, would cause the Series 2002A Bonds to have a market value as of the date of determination equal to the principal amount, taking into account prevailing market provisions.

In July 2002, the County issued \$102.5 million Charter County of Wayne Airport Revenue Refunding Bonds, Series 2002C and 2002D. The Series 2002C Refunding Bonds were issued to refund, on a current basis, at the earliest practicable date, the Series 1990B Bonds and the December 2002 principal amount due on the Series 1998B Bonds. The Series 2002D Refunding Bonds were issued to refund, on a current basis, at the earliest practicable date, the Series 1990A Bonds and the Series 1991B Bonds. The Series 2002 C&D Refunding Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport.

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The County defeased the Series 1990B Bonds, the Series 1990A Bonds, the Series 1991B Bonds, and the December 2002 principal amount due on the Series 1998B Bonds by placing the proceeds of the Series 2002C and 2002D Bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The Series 1990B, the Series 1990A, and the Series 1991B Bonds were subsequently called and paid in full in August 2002. The portion of the Series 1998B Bonds was subsequently called and paid in December 2002. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$15.3 million. The County estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$14.1 million.

In November 2002, the Authority entered into two debt agreements with Westin Management Company East (the Hotel Operator). Both loans were provided for in the Hotel Management and Operating agreement. The Capital/FF&E loan was for \$5 million and is to be used solely for future capital improvements to the Airport Hotel. The Working Capital Loan was for \$1.5 million and was used to provide initial working capital to operate the Airport Hotel.

The net Airport Hotel revenues are pledged solely for the payment of the Airport Hotel Bonds and these loans, and a statutory first lien has been granted upon all net Airport Hotel revenues for such purpose.

In December 2003, the Authority issued \$215 million in Wayne County Airport Authority Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. The Series 2003A-1, 2003A-2, and 2003A-3 Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport.

The Series 2003A-1, 2003A-2, and 2003A-3 Bonds were issued as Periodic Auction Reset Securities (PARS). The Auction Agent is responsible under an agreement with the Authority to establish the interest rate weekly. The Winning Bid Rate, as determined by the Auction Agent, becomes the weekly interest rate for the Series 2003A-1, 2003A-2, and 2003A-3 Bonds.

In December 2003, the Authority issued \$129.3 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2003B and 2003C. The Series 2003B and 2003C Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The 2003B Refunding Bonds were issued to refund the Series 1993A Bonds and the Series 1993B Bonds. The Series 2003C Refunding Bonds were issued to refund the Series 1993C Bonds. The Series 2003B and 2003C Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport.

The Authority defeased the Series 1993A Bonds, Series 1993B Bonds, and Series 1993C Bonds by placing the proceeds of the Series 2003B and 2003C Bonds in an irrevocable trust to provide for all future debt service payments. The Series 1993A, the Series 1993B, and the Series 1993C Bonds were subsequently called and paid in full in February 2004. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$13 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$8.1 million.

The Series 2003B and 2003C Bonds were issued as Periodic Auction Reset Securities (PARS). The auction agent is responsible, under an agreement with the Authority to establish the interest rate weekly for the

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

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2003C Bonds and monthly for the 2003B Bonds. The winning bid rate, as determined by the auction agent, becomes the weekly interest rate for the Series 2003B and 2003C Bonds.

The Authority entered into a variable to fixed interest rate swap agreement, resulting in a fixed coupon rate of 3.4825% for the Series 2003B Bonds and a rate of 3.4265% on the Series 2003C Bonds.

As of September 30, 2005, rates were as follows:

| Interest rate | Term | 2003B rates | 2003C rates |
|-----------------------------------|--------|----------------|----------------|
| Fixed payment to counterparties | Fixed | 3.4825% | 3.4265% |
| Variable rate from counterparties | BMA | 2.6414 | 2.6414 |
| Net interest rate swap payments | | 0.8411 | 0.7851 |
| Variable-rate bond payment | Market | 2.6490 | 2.5500 |
| Synthetic interest rate on bonds | | 3.4901 | 3.3351 |

Due to a rising interest rate environment, the Swap had a positive fair value of \$226,727 as of September 30, 2005, exposing the Authority to a credit risk. The counterparty, Goldman Sachs, has S&P ratings of A+, Moody's ratings of AA3, and Fitch ratings of AA-, mitigating this risk.

The Series 2003B and 2003C Swap exposes the Authority to risk, which is addressed by the Authority Swap Management Plan. Swap (synthetic variable to fixed) borrowing is limited to 10% of the overall bond program. The following table identifies the Authority's plan for mitigating swap risk.

| Type of risk | Concern | Resolution |
|-------------------|---|--|
| Counterparty risk | Default of counterparty | Counterparty is rated AA by two rating agencies |
| Tax risk | Federal marginal rates could decline, reducing tax-exempt advantage of underlying auction rate securities | Can terminate after 7 years (Early Call provision) |
| Basis risk | Spread could widen, making Swap more expensive | (1) Enhanced LIBOR Index was chosen, protecting the Airport in both low- and high-interest environments (2) Can terminate after 7 years |
| Termination risk | Authority credit quality could deteriorate during a time when it would be very expensive for the Authority to get out of the Swap | (1) Maintain bond insurance (2) Solid financial performance of the Authority |

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In October 2004, the Authority issued \$11.6 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2004. The Series 2004 Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The 2004 Refunding Bonds were issued to refund the Series 1994B Bonds. The Series 2004 Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport.

The Authority defeased the Series 1994B Bonds by placing the proceeds of the Series 2004 Bonds in an irrevocable trust to provide for all future debt service payments. The Series 1994B Bonds were subsequently called and paid in full in December 2004. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$1.7 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$1.1 million.

The Series 2004 Bonds were issued as Periodic Auction Reset Securities (PARS). The auction agent is responsible under an agreement with the Authority to establish the interest rate weekly. The winning bid rate, as determined by the auction agent, becomes the weekly interest rate for the Series 2004 Bonds.

The Authority entered into a variable to fixed interest rate swap agreement resulting in a fixed coupon rate of 3.9970%.

As of September 30, 2005, rates were as follows:

| Interest rate | Term | Rate |
|-----------------------------------|--------|---------|
| Fixed payment to counterparties | Fixed | 3.9970% |
| Variable rate from counterparties | BMA | 2.6414 |
| Net interest rate swap payments | | 1.3556 |
| Variable-rate bond payment | Market | 2.6000 |
| Synthetic interest rate on bonds | | 3.9556 |

Due to the reduction of interest rates since the execution of the Swap, the Swap had a negative fair value of \$258,356 as of September 30, 2005. Due to this negative fair value, the Authority was not exposed to a credit risk. However, should interest rates change and the fair value of the Swap become positive, the Authority would be exposed. The counterparty, Goldman Sachs, has S&P ratings of A+, Moody's ratings of AA3, and Fitch ratings of AA-, mitigating this risk.

In April 2005, the Authority issued \$507 million in Wayne County Airport Authority Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. These projects include the North Terminal Redevelopment Project and the completion of the McNamara Terminal Phase II Project. The Series 2005A Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport.

The Authority capitalizes net financing costs during construction for debt issues specifically related to construction projects. During the year ended September 30, 2005, interest expense incurred on these debt issues totaled \$92,931,744. For 2005, net financing costs capitalized were \$4,609,100.

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In August 2005, the Authority entered into a line-of-credit agreement with a maximum borrowing amount of \$15 million. The borrowings charge interest at a rate equal to 35 basis points over the LIBOR rate. The line-of-credit agreement expires June 2006. There were no borrowings on this line during the year ended September 30, 2005.

Long-term debt activity for the year ended September 30, 2005 was as follows:

| | <u>Beginning balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending balance</u> | <u>Due within one year</u> |
|---|------------------------------|--------------------|---------------------|---------------------------|--------------------------------|
| Detroit Metropolitan Airport Fund: | | | | | |
| Airport Revenue Bonds | \$ 1,807,285,000 | 518,710,000 | (64,830,000) | 2,261,165,000 | 37,695,000 |
| Installment Purchase Contract | 11,630,000 | — | (1,395,000) | 10,235,000 | 1,495,000 |
| Less: | | | | | |
| Deferred amount on refunding | (22,361,925) | 1,576,914 | (792,721) | (21,577,732) | — |
| Certain bond discounts | (11,440,538) | 866,241 | — | (10,574,297) | — |
| Add: | | | | | |
| Certain bond premiums | 5,277,713 | 12,862,961 | (703,130) | 17,437,544 | — |
| Total Detroit Metropolitan Airport Fund | <u>1,790,390,250</u> | <u>534,016,116</u> | <u>(67,720,851)</u> | <u>2,256,685,515</u> | <u>39,190,000</u> |
| Willow Run Airport Fund: | | | | | |
| Notes payable | <u>737,403</u> | <u>—</u> | <u>(18,066)</u> | <u>719,337</u> | <u>19,476</u> |
| Total Willow Run Airport Fund | <u>737,403</u> | <u>—</u> | <u>(18,066)</u> | <u>719,337</u> | <u>19,476</u> |
| Airport Hotel Fund: | | | | | |
| Airport Hotel Bonds | 110,920,000 | — | — | 110,920,000 | 100,000 |
| Other Hotel debt | 6,500,000 | — | — | 6,500,000 | 774,855 |
| Less: | | | | | |
| Certain bond discounts | <u>(2,611,122)</u> | <u>129,525</u> | <u>—</u> | <u>(2,481,597)</u> | <u>—</u> |
| Total Airport Hotel Fund | <u>114,808,878</u> | <u>129,525</u> | <u>—</u> | <u>114,938,403</u> | <u>874,855</u> |
| Total long-term debt | <u>\$ 1,905,936,531</u> | <u>534,145,641</u> | <u>(67,738,917)</u> | <u>2,372,343,255</u> | <u>40,084,331</u> |

(8) Commitments and Contingencies

The Authority is a defendant in a number of lawsuits and claims that have resulted from the ordinary course of providing services. The ultimate effect on the Authority's financial statements of the resolution of these matters is, in the opinion of the County's counsel, not expected to be material.

The estimated costs to complete Metro Airport's current capital improvement program totaled \$511.2 million at September 30, 2005, which will be funded by previously issued and anticipated debt,

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

federal grants, and passenger facility charges. Unexpended commitments on construction and professional design services contracts in connection with this program totaled \$115.1 million at September 30, 2005.

(9) Employee Benefits

(a) Plan Description

The Authority provides retirement benefits to its employees through the Wayne County Employees' Retirement System (WCERS), a single-employer public employee retirement system that is governed by the Wayne County Retirement Ordinance as amended. The Retirement System provides four defined-benefit retirement options, two of which are contributory and one of which is a hybrid between a defined benefit and a defined contribution (together, the Defined Benefit Plan), and a Defined Contribution Plan. The Retirement System provides retirement, survivor, and disability benefits to substantially all County and Authority employees. The Retirement Board issues separate financial statements annually. Copies of these financial statements for each plan can be obtained at 28 W. Adams, Suite 1900, Detroit, Michigan 48226.

The Defined Benefit Plan consists of Plan Option 1, Plan Option 2, Plan Option 3, and Plan Option 5 (collectively, the Plan) and the Defined Contribution Plan, which consists of Plan Option 4 and Plan Option 5.

In 1983, the County closed the Plan 1 option of the WCERS to new hires and added two new options under the Defined Benefit Plan, which resulted in a lower final benefit to the participant.

Effective October 1, 2001, WCERS established the Wayne County Hybrid Retirement Plan #5 (Plan Option 5), which contains both a defined-benefit component and a defined contribution component. Participants in the plan options previously in existence (Plan Option 1, Plan Option 2, and Plan Option 3) could elect to transfer their account balances to Plan Option 5 between October 1, 2001 and June 30, 2002. New employees could elect to participate in Plan Options 1, 2, 3, or 5 through September 30, 2001. Effective October 1, 2001, only Plan Option 5 is available to new employees; Plan Options 1, 2, and 3 are closed to new hires.

(b) Contributions

Participants in Plan Option 1 contribute 2.00% to 6.58% of annual compensation, depending on years of credited service. The Sheriff's command officers and deputies contribute 5.0% of annual compensation. Participants in Plan Option 2 do not make plan contributions, but receive a lower final benefit. Plan Option 3 participants make decreased contributions of 3.0% of covered compensation and receive a lower final benefit. Participants in Plan Option 5 make no member contributions.

The obligation to contribute and to maintain the Plan for these employees was established by negotiations with the County's collective bargaining units. Total Authority employer and employee contributions during the year ended September 30, 2005 were \$1,604,896 and \$134,588, respectively.

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

The following represents the Authority's annual pension costs as of September 30, 2005:

| | Three-year trend information | | |
|--------------------------|---------------------------------|-------------------------------------|------------------------------|
| | Annual pension cost (APC) | Percentage of APC contributed | Net pension obligation |
| Year ended September 30: | | | |
| 2003 | \$ 237,924 | 100% | \$ — |
| 2004 | 1,223,378 | 100 | — |
| 2005 | 1,604,896 | 100 | — |

(c) ***Pension Benefits***

Benefits are paid monthly over the member's or survivor's lifetime, after meeting normal retirement or duty disability retirement requirements, which vary by option, based on the following percentages of average final compensation, for each year of credited service:

Plan Option 1 – 2.65% for each year of service. Maximum Authority-financed portion is 75% of average final compensation. Minimum monthly pension is \$5 times years of service.

Plan Option 2 – 1% for each year up to 20 years and 1.25% for each year over 20 years. Maximum Authority-financed portion is 75% of average final compensation.

Plan Option 3 – 1.5% for each year up to 20 years, 2% for each year between 20 and 25 years, and 2.5% for each year over 25 years.

Plan Option 5 – 1.25% for each year up to 20 years and 1.5% for each year over 20 years. Maximum Authority-financed portion is 75% of average final compensation.

Death and disability benefits – The Plan also provides nonduty death and disability benefits to members after 10 years of credited service for Plan Options 1 and 5, along with nonduty disability for Plan Option 2 and nonduty death benefits for Plan Option 3. The 10-year service provision is waived for duty disability and death benefits for Plan Options 1 and 5 and duty disability for Plan Option 2.

(d) ***Wayne County Employees' Retirement System Defined Contribution Plan***

The Wayne County Employees' Retirement System instituted a Defined Contribution Plan (Plan Option 4 and Plan Option 5) under the County's Enrolled Ordinance No. 86-486 (November 20, 1986), as amended. The Plan was established to provide retirement, survivor, and disability benefits to County and Authority employees. The administration, management, and responsibility for the proper operation of the Plan are vested in the trustees of the Wayne County Retirement Commission.

WAYNE COUNTY AIRPORT AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

Under Plan Option 4, the Authority contributes \$4.00 for every \$1.00 contributed by each member or, for eligible executives, \$5.00 for every \$1.00 contributed by each member, with the member contributions ranging from 1.0% to 2.5% (3% for employees with 20 or more years of service and 3% for eligible executives with 10 or more years of service) of base compensation. Employees hired prior to July 1, 1984 are eligible to transfer from the WCERS Defined Benefit Plan to the Plan through September 30, 2002.

Classified employees are vested as to employer contributions after three years of service, and executive members are vested after two years of service.

In Plan Option 4, members are able to receive loans from the Defined Contribution Plan. Only active employees with a vested account balance of \$2,000 or more are eligible. Interest on the loans is at the rate of five-year Treasury notes plus 300 basis points (3%), rounded to the nearest quarter of a percent.

Participants in Plan Option 5 contribute 3% of gross pay. The Authority makes matching contributions at a rate equal to the amount contributed by each employee. Classified employees are vested at 50% after one year of service, 75% after two years of service, and 100% after three years of service. All full-time, permanent Authority employees are eligible to join the Plan. Those employees hired prior to July 1, 1984 were eligible to transfer from the WCERS Defined Benefit Plan to the Plan through September 30, 2002. Effective October 1, 2001, the County closed Plan Option 4 to new hires. Plan Option 5 is available to all persons hired after September 30, 2001.

The obligation to contribute and to maintain the Plan for these employees was established by negotiations with the Authority's collective bargaining units. Total Authority employer and employee contributions to the Plan during 2005 were \$3,432,030 and \$1,121,393, respectively.

**STATISTICAL INFORMATION
(UNAUDITED)**

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #1

Debt Service Requirements and Coverage

Operating Year 2005

(Unaudited)

| Operating year | Net revenues, revenue fund balance, and other available monies | Total debt service requirements | Debt service coverage | Airline costs per enplaned passenger |
|-------------------------|---|--|--------------------------------------|---|
| Historical: 2005 (a) | \$ 176,628,099 | 124,074,189 | 1.42 | \$ 5.70 |

(a) Based on final year-end calculation, dated February 2006

Source: Wayne County Airport Authority

See accompanying independent auditors' report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #2

Operation and Maintenance Expenses

Operating years ending September 30

(In thousands of dollars, except as noted)

(Unaudited)

| Description | Historical | | | | |
|--|-------------------|----------------|----------------|----------------|----------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 |
| Salaries and wages | \$ 36,946 | 40,844 | 40,890 | 40,335 | 42,761 |
| Employee benefits | 14,819 | 17,158 | 17,689 | 17,707 | 19,433 |
| | <u>51,765</u> | <u>58,002</u> | <u>58,579</u> | <u>58,042</u> | <u>62,194</u> |
| Contractual services: | | | | | |
| Parking management | 14,203 | 15,594 | 15,758 | 9,726 | 10,647 |
| Security expenses | 1,856 | 3,525 | 3,771 | 3,324 | 3,463 |
| Janitorial services | 4,879 | 5,336 | 5,467 | 3,419 | 1,995 |
| Shuttle bus | 3,755 | 7,851 | 8,364 | 10,019 | 10,354 |
| Other services | 8,495 | 11,767 | 9,312 | 8,912 | 10,153 |
| Total contractual services | <u>33,188</u> | <u>44,073</u> | <u>42,672</u> | <u>35,400</u> | <u>36,612</u> |
| Wayne County administrative services | 4,465 | 4,410 | 1,109 | 637 | 5 |
| Repairs and maintenance | 3,954 | 13,565 | 31,361 | 31,149 | 30,363 |
| Supplies and other operating expenses | 9,023 | 6,063 | 4,860 | 7,538 | 6,894 |
| Insurance | 1,252 | 3,187 | 3,507 | 4,248 | 3,342 |
| Utilities | 10,251 | 12,950 | 18,819 | 19,320 | 20,958 |
| Rentals | 812 | 433 | 147 | 104 | 179 |
| Interest expense and paying agent fees | 371 | 1,487 | 3,560 | 3,707 | 3,430 |
| Capital expenses | 6,019 | 1,880 | 942 | 3,427 | 2,685 |
| | <u>36,147</u> | <u>43,975</u> | <u>64,305</u> | <u>70,130</u> | <u>67,856</u> |
| Total O&M expenses (a) | \$ <u>121,100</u> | <u>146,050</u> | <u>165,556</u> | <u>163,572</u> | <u>166,662</u> |

(a) O&M expenses do not include Central Communications.

Source: Wayne County Airport Authority

See accompanying independent auditors' report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #3

Operating Revenues

Operating years ending September 30

(In thousands of dollars, except as noted)

(Unaudited)

| Description | 2001 | 2002 | Historical 2003 | 2004 | 2005 |
|--|------------|---------|--------------------|---------|----------|
| Airline revenues: | | | | | |
| Rental and use fees: | | | | | |
| Terminal building rentals and fees (c) | \$ 12,114 | 14,988 | 20,533 | 19,084 | 19,794 |
| Common-use/shared-use area rentals | 138 | 1,227 | 1,663 | 2,227 | 2,154 |
| Debt service recapture | 1,936 | 1,936 | 1,936 | 1,936 | 1,936 |
| Facilities use fees | 7,630 | 6,142 | 6,026 | 6,147 | 7,075 |
| Total rental and use fees | 21,818 | 24,293 | 30,158 | 29,394 | 30,959 |
| Activity fees: | | | | | |
| Signatory airlines | 56,187 | 78,436 | 80,466 | 93,325 | 81,222 |
| Nonsignatory airlines | 2,749 | 6,993 | 1,614 | 2,601 | 2,660 |
| Add (less) activity fee adjustment | 9,969 | (343) | 3,735 | (7,479) | (10,691) |
| Total activity fees | 68,905 | 85,086 | 85,815 | 88,447 | 73,191 |
| Total airline revenues | 90,723 | 109,379 | 115,973 | 117,841 | 104,150 |
| Nonairline revenues: | | | | | |
| Concessions: | | | | | |
| Automobile parking | 33,721 | 29,858 | 32,806 | 38,842 | 46,004 |
| Rental car | 17,662 | 16,211 | 15,760 | 16,724 | 18,081 |
| Food and beverage | 4,927 | 5,639 | 6,523 | 8,960 | 10,803 |
| In-flight catering | 1,628 | 1,091 | 1,061 | 1,206 | 1,221 |
| News and gift | 3,955 | 5,528 | 7,117 | 7,532 | 7,830 |
| Pay phone commission | 2,217 | 2,294 | 2,764 | 2,777 | 531 |
| Hotel | 2,353 | 1,761 | 832 | — | — |
| Other concessions | 2,141 | 3,222 | 6,901 | 4,484 | 5,760 |
| Total concessions | 68,604 | 65,604 | 73,764 | 80,525 | 90,230 |
| Rentals (c) | — | 3,128 | 1,941 | 2,820 | 3,143 |
| Utility fees | 4,144 | 2,436 | 2,872 | 3,365 | 3,721 |
| Interest income | 778 | 340 | 153 | 292 | 844 |
| Ground transportation | 302 | 409 | 505 | 1,110 | 3,407 |
| Other (a) | 4,522 | 9,743 | 12,675 | 6,150 | 9,263 |
| Total nonairline revenues | 78,350 | 81,660 | 91,910 | 94,262 | 110,608 |
| Total operating revenues (b) | \$ 169,073 | 191,039 | 207,883 | 212,103 | 214,758 |

(a) Includes shuttle bus revenue and state and federal grants

(b) Operating revenues do not include Central Communications.

(c) Starting in fiscal year 2002, rental revenue was separated between airline and nonairline.

Source: Wayne County Airport Authority

See accompanying independent auditors' report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #4

Application of Revenues

Operating years ending September 30

(In thousands of dollars, except as noted)

(Unaudited)

| | | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> |
|------------------|--|-------------------|----------------|----------------|----------------|----------------|
| Revenues: | | | | | | |
| | Airline revenues | \$ 90,723 | 109,379 | 115,973 | 117,841 | 104,150 |
| | Nonairline revenues | 78,350 | 81,660 | 91,910 | 94,262 | 110,608 |
| | Interest income generated in bond funds and reserves | 1,961 | 5,210 | 5,593 | 11,985 | 11,371 |
| | Other available moneys: | | | | | |
| | PFC contributions | — | 40,836 | 58,137 | 51,879 | 54,626 |
| | Letter of intent | — | 17,070 | 17,300 | 18,195 | 17,639 |
| | Capitalized interest contribution | — | 10,477 | 168 | 2,400 | 16,059 |
| | Other | — | 2,615 | — | — | 49 |
| | Transfer credit from Airport funds (a) | — | 9,306 | — | — | — |
| | Rebate of arbitrage | — | — | 4,236 | — | — |
| | Total revenues | \$ 171,034 | 276,553 | 293,317 | 296,562 | 314,502 |
| Priority | Application of revenues: | | | | | |
| 1 | Operation and Maintenance Fund | \$ 121,100 | 146,050 | 165,556 | 163,572 | 166,662 |
| 2 | Bond Fund | 44,084 | 104,705 | 102,041 | 107,094 | 122,070 |
| 3 | Junior Lien Bond Fund | — | 19,254 | 18,954 | 19,917 | 19,544 |
| 4 | Operation and Maintenance Reserve Fund | — | 661 | 898 | 146 | — |
| 5 | Renewal and Replacement Fund | 500 | 500 | 485 | 371 | 500 |
| 6 | County Discretionary Fund | 350 | 350 | 350 | 350 | 350 |
| 7 | Airport Development Fund | 5,000 | 5,033 | 5,033 | 5,112 | 5,376 |
| | Total application of revenues | \$ 171,034 | 276,553 | 293,317 | 296,562 | 314,502 |

(a) OY 2002 includes a one-time credit given to the Airlines, which was paid from the Airport Authority's Airport Development Fund.

Source: Wayne County Airport Authority

See accompanying independent auditors' report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #5

Net Revenues and Senior Lien Debt Service Coverage

Operating years ending September 30

(In thousands of dollars, except as noted)

(Unaudited)

| | | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> |
|--|---------------|-------------------|----------------|----------------|----------------|----------------|
| Revenues: | | | | | | |
| Revenues | \$ | 169,073 | 191,039 | 207,883 | 212,103 | 214,758 |
| Revenue fund balance | | 11,569 | 18,804 | 29,503 | 26,691 | 35,480 |
| Other available moneys: | | | | | | |
| PFC contributions | | — | 40,836 | 58,137 | 51,879 | 54,626 |
| Letter of intent – senior lien | | — | 9,679 | 10,610 | 10,530 | 10,947 |
| Capitalized interest contribution | | — | 10,477 | 168 | 2,400 | 16,059 |
| Other | | — | 2,615 | — | — | 49 |
| Transfer credit from Airport funds (a) | | — | 9,306 | — | — | — |
| Rebate of arbitrage | | — | — | 4,236 | — | — |
| Interest income generated in bond funds and reserves | | 1,961 | 5,210 | 5,593 | 11,985 | 11,371 |
| Total revenues | [A] | <u>182,603</u> | <u>287,966</u> | <u>316,130</u> | <u>315,588</u> | <u>343,290</u> |
| Operation and maintenance expenses | [B] | <u>121,100</u> | <u>146,050</u> | <u>165,556</u> | <u>163,572</u> | <u>166,662</u> |
| Net revenues | [A]-[B] = [C] | <u>61,503</u> | <u>141,916</u> | <u>150,574</u> | <u>152,016</u> | <u>176,628</u> |
| Bond debt service | [D] | <u>44,084</u> | <u>106,973</u> | <u>103,795</u> | <u>108,916</u> | <u>124,074</u> |
| Net revenues available for deposit to other funds | [C]-[D] | <u>\$ 17,419</u> | <u>34,943</u> | <u>46,779</u> | <u>43,100</u> | <u>52,554</u> |
| Debt service coverage: | | | | | | |
| Senior lien bonds | [C]/[D] | <u>\$ 1.40</u> | <u>1.33</u> | <u>1.45</u> | <u>1.40</u> | <u>1.42</u> |
| Additional bonds test: | | | | | | |
| Revenues | \$ | 169,073 | 191,039 | 207,883 | 212,103 | 214,758 |
| Revenue fund balance | | 11,569 | 18,804 | 29,503 | 26,691 | 35,480 |
| Other available moneys: | | | | | | |
| PFC contributions | | — | 40,836 | 58,137 | 51,879 | 54,626 |
| Letter of intent – senior lien | | — | 9,679 | 10,610 | 10,530 | 10,947 |
| Capitalized interest contribution | | — | 10,477 | 168 | 2,400 | 16,059 |
| Other | | — | 2,615 | — | — | 49 |
| Transfer credit from Airport funds (b) | | — | 9,306 | — | — | — |
| Rebate of arbitrage | | — | — | 4,236 | — | — |
| Interest income generated in bond funds and reserves | | 1,961 | 5,210 | 5,593 | 11,985 | 11,371 |
| Total revenues | [E] | <u>\$ 182,603</u> | <u>287,966</u> | <u>316,130</u> | <u>315,588</u> | <u>343,290</u> |
| Rate covenant elements: | | | | | | |
| Operation and maintenance expenses | \$ | 121,100 | 146,050 | 165,556 | 163,572 | 166,662 |
| 125% debt service – bonds | [1.25 x D] | 55,105 | 133,716 | 129,744 | 136,145 | 155,093 |
| Other fund requirements | | 5,850 | 6,544 | 6,766 | 5,979 | 6,226 |
| Total rate covenant elements | [F] | <u>\$ 182,055</u> | <u>286,310</u> | <u>302,066</u> | <u>305,696</u> | <u>327,981</u> |

[E] equals or exceeds [F] in each year.

(a) OY 2002 includes a one-time credit given to the Airlines, which was paid from the Airport Authority's Airport Development Fund.

Source: Wayne County Airport Authority

See accompanying independent auditors' report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #6

Historical Airline Passenger Enplanements

Operating Years 1996 – 2005

(Unaudited)

| Operating year (a) | Domestic | International | Total | Percent increase (decrease) |
|-------------------------------|-----------------|----------------------|--------------|--|
| 1996 | 13,288,325 | 1,546,492 | 14,834,817 | 5.3% |
| 1997 | 13,717,691 | 1,559,958 | 15,277,649 | 3.0 |
| 1998 | 13,842,081 | 1,431,158 | 15,273,239 | (0.0) |
| 1999 | 15,790,071 | 1,860,731 | 17,650,802 | 15.6 |
| 2000 | 15,845,838 | 1,886,529 | 17,732,367 | 0.5 |
| 2001 | 15,283,829 | 1,797,767 | 17,081,596 | (3.7) |
| 2002 | 14,327,856 | 1,264,701 | 15,592,557 | (8.7) |
| 2003 | 14,917,141 | 1,361,092 | 16,278,233 | 4.4 |
| 2004 | 15,914,882 | 1,401,898 | 17,316,780 | 6.4 |
| 2005 | 16,758,421 | 1,527,861 | 18,286,282 | 5.6 |

- (a) All data are for 12-month periods. For operating years (OY) 1996 – 1997, OY is December 1 to November 30. Starting in OY 1998 and forward, OY is October 1 to September 30. For comparative purposes only, OY 1998 has been adjusted to show 12 months ended September 30, 1998.

Source: Wayne County Airport Authority records

See accompanying independent auditors' report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #7

Historical Comparative Total Enplanements (a)

Calendar Years 1996 – 2005

(Unaudited)

| Calendar year | Detroit Metro | | United States | | Detroit as a percentage of U.S. total |
|------------------|-------------------------|-----------------------------------|-------------------------|-----------------------------------|---|
| | Number of passengers | Percent increase (decrease) | Number of passengers | Percent increase (decrease) | |
| 1996 | 14,115,075 | 6.2% | 548,137,719 | 6.2% | 2.6% |
| 1997 | 14,775,431 | 4.7 | 563,770,328 | 2.9 | 2.6 |
| 1998 | 15,056,871 | 1.9 | 574,914,881 | 2.0 | 2.6 |
| 1999 | 16,569,470 | 10.0 | 600,873,911 | 4.5 | 2.8 |
| 2000 | 16,929,991 | 2.2 | 629,768,718 | 4.8 | 2.7 |
| 2001 | 15,466,259 | (8.6) | 584,537,410 | (7.2) | 2.6 |
| 2002 | 15,041,841 | (2.7) | 574,953,567 | (1.6) | 2.6 |
| 2003 | 15,560,646 | 3.4 | 605,883,845 | 5.4 | 2.6 |
| 2004 | 16,802,282 | 8.0 | 653,910,077 | 7.9 | 2.6 |
| 2005(b) | 17,335,987 | 3.2 | 690,030,299 | 5.5 | 2.5 |

(a) Does not include the activity of commuter or charter carriers for periods prior to Q2 2002

(b) Estimate based on nine months of actual data

Source: U.S. Department of Transportation, Bureau of Transportation Statistics, Airport Activity Statistics of Certificated Route Air Carriers, Form 41, Schedule T3

See accompanying independent auditors' report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #8

Historical Airline Departures

Calendar Years 1996 – 2005

(Unaudited)

| Calendar year | Departures by carrier type | | | Total departures | |
|------------------|----------------------------|---------------|-----------|------------------|-----------------------------------|
| | Majors | Nationals (a) | Regionals | Total (b) | Percent increase (decrease) |
| 1996 | 162,350 | 8,063 | 541 | 170,954 | 3.7% |
| 1997 | 163,190 | 25,312 | 438 | 188,940 | 10.5 |
| 1998 | 153,238 | 55,773 | 927 | 209,938 | 11.1 |
| 1999 | 160,787 | 64,745 | 1,006 | 226,538 | 7.9 |
| 2000 | 160,299 | 66,898 | 864 | 228,061 | 0.7 |
| 2001 | 154,991 | 65,838 | 561 | 221,390 | (2.9) |
| 2002 | 148,456 | 61,446 | 6,134 | 216,036 | (2.4) |
| 2003 | 143,456 | 55,741 | 31,869 | 231,066 | 7.0 |
| 2004 | 149,942 | 94,451 | 1,540 | 245,933 | 6.4 |
| 2005 | 142,235 | 103,987 | 1,928 | 248,150 | 0.9 |

(a) Mesaba began flying as a “national” carrier during CY 1997.

(b) Total does not include departures by commuters or charters.

Note: CY 2005 estimated based on nine months of data

Source: U.S. Department of Transportation, Bureau of Transportation Statistics, Airport Activity
Statistics of Certificated Route Air Carriers, Form 41, Schedule T3

See accompanying independent auditors’ report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #9

Historical Domestic Originations and Connections

Calendar Years 1996 – 2005

(Unaudited)

| Calendar year | Domestic originations | | Domestic connections | |
|------------------|-----------------------|---------------------|----------------------|---------------------|
| | Number | Percent of total | Number | Percent of total |
| 1996 | 6,323,600 | 48.3% | 6,781,334 | 51.7% |
| 1997 | 6,567,280 | 48.3 | 7,029,361 | 51.7 |
| 1998 | 6,764,550 | 49.7 | 6,845,616 | 50.3 |
| 1999 | 7,229,210 | 47.9 | 7,848,973 | 52.1 |
| 2000 | 7,627,910 | 50.0 | 7,637,910 | 50.0 |
| 2001 | 6,736,660 | 47.9 | 7,323,611 | 52.1 |
| 2002 | 6,327,890 | 45.1 | 7,695,118 | 54.9 |
| 2003 | 6,266,720 | 44.2 | 7,907,501 | 55.8 |
| 2004 | 6,884,460 | 45.3 | 8,316,272 | 54.7 |
| 2005 (a) | 7,202,253 | 45.3 | 8,692,807 | 54.7 |

(a) Estimate based on nine months of actual data

Source: U.S. Department of Transportation Origin and Destination Passenger Ticket Survey, 298c
Commuter Data, and Airport Activity Statistics of Certificated Route Air Carriers, Schedule T100

See accompanying independent auditors' report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #10

Historical Airline Market Shares

Operating Years 2000 – 2005

(Unaudited)

| Airline | OY 2000 | | | OY 2001 | | |
|----------------------------------|---------------------|------------------|-------------------|---------------------|------------------|-------------------|
| | Enplaned passengers | Percent of total | Percent of market | Enplaned passengers | Percent of total | Percent of market |
| Domestic: | | | | | | |
| Major/national: | | | | | | |
| America West Airlines | 183,607 | 1.0% | 1.2% | 205,287 | 1.2% | 1.3% |
| American Airlines | 469,183 | 2.6 | 3.0 | 452,264 | 2.6 | 3.0 |
| American Trans Air | 36,654 | 0.2 | 0.2 | 36,320 | 0.2 | 0.2 |
| Continental Airlines | 344,297 | 1.9 | 2.2 | 341,968 | 2.0 | 2.2 |
| Delta Air Lines | 451,246 | 2.5 | 2.8 | 385,178 | 2.3 | 2.5 |
| Frontier | — | — | — | — | — | — |
| Northwest Airlines | 10,816,451 | 61.0 | 68.3 | 10,112,754 | 59.2 | 66.2 |
| Pan American World Airways | 1,646 | 0.0 | 0.0 | — | — | — |
| Southwest Airlines | 517,295 | 2.9 | 3.3 | 538,736 | 3.2 | 3.5 |
| Spirit Airlines | 411,130 | 2.3 | 2.6 | 581,358 | 3.4 | 3.8 |
| Trans World Airlines | 221,479 | 1.2 | 1.4 | 193,651 | 1.1 | 1.3 |
| United Airlines | 389,150 | 2.2 | 2.5 | 355,920 | 2.1 | 2.3 |
| US Airways | 279,536 | 1.6 | 1.8 | 293,144 | 1.7 | 1.9 |
| | <u>14,121,674</u> | <u>79.6</u> | <u>89.1</u> | <u>13,496,580</u> | <u>79.0</u> | <u>88.3</u> |
| Commuter/regional: | | | | | | |
| American (AA Eagle) | — | — | — | — | — | — |
| Continental (Commut/Air) | — | — | — | — | — | — |
| Continental (ExpressJet) | 35,785 | 0.2 | 0.2 | 44,652 | 0.3 | 0.3 |
| Delta (Atlantic Southeast) | — | — | — | 11,998 | 0.1 | 0.1 |
| Delta (Comair) | 108,617 | 0.6 | 0.7 | 57,834 | 0.3 | 0.4 |
| Delta (Shuttle America) | — | — | — | — | — | — |
| Independence Air | — | — | — | — | — | — |
| Northwest (Mesaba Aviation) | 1,342,821 | 7.6 | 8.5 | 1,416,651 | 8.3 | 9.3 |
| Northwest (Pinnacle) | — | — | — | 84,640 | 0.5 | 0.6 |
| United (Air Wisconsin) | — | — | — | — | — | — |
| United (Atlantic Coast Airlines) | 15,718 | 0.1 | 0.1 | 32,681 | 0.2 | 0.2 |
| United (Mesa) | — | — | — | — | — | — |
| United (SkyWest) | — | — | — | — | — | — |
| US Airways (Air Wisconsin) | — | — | — | — | — | — |
| US Airways (Chautauqua) | — | — | — | — | — | — |
| US Airways (Mesa) | — | — | — | — | — | — |
| US Airways (PSA) | — | — | — | — | — | — |
| US Airways (Piedmont) | — | — | — | — | — | — |
| US Airways (Trans States) | 16,260 | 0.1 | 0.1 | 6,299 | 0.0 | 0.0 |
| Other | 903 | 0.0 | 0.0 | — | — | — |
| | <u>1,520,104</u> | <u>8.6</u> | <u>9.6</u> | <u>1,654,755</u> | <u>9.7</u> | <u>10.8</u> |
| Charter: | | | | | | |
| Air Canada | — | — | — | 12,143 | 0.1 | 0.1 |
| Casino Express | — | — | — | — | — | — |
| Champion Air | — | — | — | — | — | — |
| Miami Air | 1,308 | 0.0 | 0.0 | 1,088 | 0.0 | 0.0 |
| Omni Airlines | 32,074 | 0.2 | 0.2 | 36,007 | 0.2 | 0.2 |
| Other | 3,623 | 0.0 | 0.0 | 765 | 0.0 | 0.0 |
| Planet Airways | — | — | — | — | — | — |
| Ryan International | 931 | 0.0 | 0.0 | 786 | 0.0 | 0.0 |
| Sun Country | 166,124 | 0.9 | 1.0 | 81,705 | 0.5 | 0.5 |
| Trans Meridian | — | — | — | — | — | — |
| USA 3000 | — | — | — | — | — | — |
| World Airways | — | — | — | — | — | — |
| | <u>204,060</u> | <u>1.2</u> | <u>1.3</u> | <u>132,494</u> | <u>0.8</u> | <u>0.9</u> |
| Subtotal – domestic | <u>15,845,838</u> | <u>89.4</u> | <u>100.0</u> | <u>15,283,829</u> | <u>89.5</u> | <u>100.0</u> |
| International: | | | | | | |
| U.S. flag: | | | | | | |
| American Trans Air | 66,558 | 0.4 | 3.5 | 74,077 | 0.4 | 4.1 |
| Mesaba Aviation | 15,226 | 0.1 | 0.8 | 19,769 | 0.1 | 1.1 |
| Northwest Airlines | 1,434,511 | 8.1 | 76.0 | 1,471,310 | 8.6 | 81.8 |
| Spirit | — | — | — | — | — | — |
| | <u>1,516,295</u> | <u>8.6</u> | <u>80.4</u> | <u>1,565,156</u> | <u>9.2</u> | <u>87.1</u> |
| Foreign flag: | | | | | | |
| Air Canada | — | — | — | 3,091 | 0.0 | 0.2 |
| Air France | — | — | — | — | — | — |
| British Airways | 84,073 | 0.5 | 4.5 | 70,183 | 0.4 | 3.9 |
| KLM-Royal Dutch Airlines | 143,614 | 0.8 | 7.6 | 26,968 | 0.2 | 1.5 |
| Lufthansa | 63,835 | 0.4 | 3.4 | 78,875 | 0.5 | 4.4 |
| Royal Jordanian Airlines | 2,828 | 0.0 | 0.1 | 3,202 | 0.0 | 0.2 |
| | <u>294,350</u> | <u>1.7</u> | <u>15.6</u> | <u>182,319</u> | <u>1.1</u> | <u>10.1</u> |
| International Charter | <u>75,884</u> | <u>0.4</u> | <u>4.0</u> | <u>50,292</u> | <u>0.3</u> | <u>2.8</u> |
| Subtotal – international | <u>1,886,529</u> | <u>10.6</u> | <u>100.0%</u> | <u>1,797,767</u> | <u>10.5</u> | <u>100.0%</u> |
| Total – all markets | <u>17,732,367</u> | <u>100.0%</u> | | <u>17,081,596</u> | <u>100.0%</u> | |

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #10

Historical Airline Market Shares

Operating Years 2000 – 2005

(Unaudited)

| Airline | OY 2002 | | | OY 2003 | | |
|----------------------------------|------------------------|---------------------|----------------------|------------------------|---------------------|----------------------|
| | Enplaned passengers | Percent of total | Percent of market | Enplaned passengers | Percent of total | Percent of market |
| Domestic: | | | | | | |
| Major/national: | | | | | | |
| America West Airlines | 199,768 | 1.3% | 1.4% | 217,906 | 1.3% | 1.5% |
| American Airlines | 475,390 | 3.0 | 3.3 | 497,564 | 3.1 | 3.3 |
| American Trans Air | 48,937 | 0.3 | 0.3 | 39,887 | 0.2 | 0.3 |
| Continental Airlines | 290,999 | 1.9 | 2.0 | 259,989 | 1.6 | 1.7 |
| Delta Air Lines | 270,906 | 1.7 | 1.9 | 260,560 | 1.6 | 1.7 |
| Frontier | — | — | — | — | — | — |
| Northwest Airlines | 9,440,793 | 60.5 | 65.9 | 9,691,220 | 59.5 | 65.0 |
| Pan American World Airways | — | — | — | — | — | — |
| Southwest Airlines | 442,169 | 2.8 | 3.1 | 414,123 | 2.5 | 2.8 |
| Spirit Airlines | 664,250 | 4.3 | 4.6 | 873,055 | 5.4 | 5.9 |
| Trans World Airlines | 27,932 | 0.2 | 0.2 | — | — | — |
| United Airlines | 322,979 | 2.1 | 2.3 | 340,115 | 2.1 | 2.3 |
| US Airways | 262,968 | 1.7 | 1.8 | 224,041 | 1.4 | 1.5 |
| | <u>12,447,091</u> | <u>79.8</u> | <u>86.9</u> | <u>12,818,460</u> | <u>78.7</u> | <u>85.9</u> |
| Commuter/regional: | | | | | | |
| American (AA Eagle) | — | — | — | — | — | — |
| Continental (Commut/Air) | — | — | — | — | — | — |
| Continental (ExpressJet) | 49,349 | 0.3 | 0.3 | 52,790 | 0.3 | 0.4 |
| Delta (Atlantic Southeast) | 16,689 | 0.1 | 0.1 | 5,324 | 0.0 | 0.0 |
| Delta (Comair) | 97,492 | 0.6 | 0.7 | 115,244 | 0.7 | 0.8 |
| Delta (Shuttle America) | — | — | — | — | — | — |
| Independence Air | — | — | — | — | — | — |
| Northwest (Mesaba Aviation) | 1,149,931 | 7.4 | 8.0 | 1,032,906 | 6.3 | 6.9 |
| Northwest (Pinnacle) | 415,887 | 2.7 | 2.9 | 798,915 | 4.9 | 5.4 |
| United (Air Wisconsin) | — | — | — | — | — | — |
| United (Atlantic Coast Airlines) | 50,636 | 0.3 | 0.4 | 56,463 | 0.3 | 0.4 |
| United (Mesa) | — | — | — | — | — | — |
| United (SkyWest) | — | — | — | — | — | — |
| US Airways (Air Wisconsin) | — | — | — | — | — | — |
| US Airways (Chautauqua) | — | — | — | — | — | — |
| US Airways (Mesa) | — | — | — | — | — | — |
| US Airways (PSA) | — | — | — | — | — | — |
| US Airways (Piedmont) | — | — | — | — | — | — |
| US Airways (Trans States) | — | — | — | — | — | — |
| Other | — | — | — | — | — | — |
| | <u>1,779,984</u> | <u>11.4</u> | <u>12.4</u> | <u>2,061,642</u> | <u>12.7</u> | <u>13.8</u> |
| Charter: | | | | | | |
| Air Canada | — | — | — | — | — | — |
| Casino Express | — | — | — | — | — | — |
| Champion Air | 80,880 | 0.5 | 0.6 | 35,235 | 0.2 | 0.2 |
| Miami Air | 409 | 0.0 | 0.0 | — | — | — |
| Omni Airlines | 7,968 | 0.1 | 0.1 | — | — | — |
| Other | 761 | 0.0 | 0.0 | 335 | 0.0 | 0.0 |
| Planet Airways | — | — | — | — | — | — |
| Ryan International | 528 | 0.0 | 0.0 | 1,037 | 0.0 | 0.0 |
| Sun Country | 10,235 | 0.1 | 0.1 | — | — | — |
| Trans Meridian | — | — | — | — | — | — |
| USA 3000 | — | — | — | 432 | 0.0 | 0.0 |
| World Airways | — | — | — | — | — | — |
| | <u>100,781</u> | <u>0.6</u> | <u>0.7</u> | <u>37,039</u> | <u>0.2</u> | <u>0.2</u> |
| Subtotal – domestic | <u>14,327,856</u> | <u>91.9</u> | <u>100.0</u> | <u>14,917,141</u> | <u>91.6</u> | <u>100.0</u> |
| International: | | | | | | |
| U.S. flag: | | | | | | |
| American Trans Air | 47,633 | 0.3 | 3.8 | 20,928 | 0.1 | 1.5 |
| Mesaba Aviation | 19,369 | 0.1 | 1.5 | 16,987 | 0.1 | 1.2 |
| Northwest Airlines | 973,201 | 6.2 | 77.0 | 1,037,952 | 6.4 | 76.3 |
| Spirit | — | — | — | 1,276 | 0.0 | 0.1 |
| | <u>1,040,203</u> | <u>6.7</u> | <u>82.2</u> | <u>1,077,143</u> | <u>6.6</u> | <u>79.1</u> |
| Foreign flag: | | | | | | |
| Air Canada | 17,285 | 0.1 | 1.4 | 13,996 | 0.1 | 1.0 |
| Air France | — | — | — | — | — | — |
| British Airways | 51,164 | 0.3 | 4.0 | 51,600 | 0.3 | 3.8 |
| KLM-Royal Dutch Airlines | 42,444 | 0.3 | 3.4 | 60,897 | 0.4 | 4.5 |
| Lufthansa | 63,576 | 0.4 | 5.0 | 70,087 | 0.4 | 5.1 |
| Royal Jordanian Airlines | 3,398 | 0.0 | 0.3 | 6,220 | 0.0 | 0.5 |
| | <u>177,867</u> | <u>1.1</u> | <u>14.1</u> | <u>202,800</u> | <u>1.2</u> | <u>14.9</u> |
| International Charter | <u>46,631</u> | <u>0.3</u> | <u>3.7</u> | <u>81,149</u> | <u>0.5</u> | <u>6.0</u> |
| Subtotal – international | <u>1,264,701</u> | <u>8.1</u> | <u>100.0%</u> | <u>1,361,092</u> | <u>8.4</u> | <u>100.0%</u> |
| Total – all markets | <u>15,592,557</u> | <u>100.0%</u> | | <u>16,278,233</u> | <u>100.0%</u> | |

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #10

Historical Airline Market Shares

Operating Years 2000 – 2005

(Unaudited)

| Airline | OY 2004 | | | OY 2005 | | |
|----------------------------------|---------------------|------------------|-------------------|---------------------|------------------|-------------------|
| | Enplaned passengers | Percent of total | Percent of market | Enplaned passengers | Percent of total | Percent of market |
| Domestic: | | | | | | |
| Major/national: | | | | | | |
| America West Airlines | 215,539 | 1.2% | 1.4% | 267,776 | 1.5% | 1.6% |
| American Airlines | 446,589 | 2.6 | 2.8 | 471,863 | 2.6 | 2.8 |
| American Trans Air | 8,027 | 0.0 | 0.1 | — | — | — |
| Continental Airlines | 234,109 | 1.4 | 1.5 | 226,260 | 1.2 | 1.4 |
| Delta Air Lines | 286,970 | 1.7 | 1.8 | 312,881 | 1.7 | 1.9 |
| Frontier | — | — | — | 28,184 | 0.2 | 0.2 |
| Northwest Airlines | 10,367,894 | 59.9 | 65.1 | 10,602,457 | 58.0 | 63.3 |
| Pan American World Airways | — | — | — | — | — | — |
| Southwest Airlines | 449,778 | 2.6 | 2.8 | 461,535 | 2.5 | 2.8 |
| Spirit Airlines | 854,526 | 4.9 | 5.4 | 793,510 | 4.3 | 4.7 |
| Trans World Airlines | — | — | — | — | — | — |
| United Airlines | 354,429 | 2.0 | 2.2 | 266,825 | 1.5 | 1.6 |
| US Airways | 193,798 | 1.1 | 1.2 | 91,892 | 0.5 | 0.5 |
| | <u>13,411,659</u> | <u>77.4</u> | <u>84.3</u> | <u>13,523,183</u> | <u>74.0</u> | <u>80.7</u> |
| Commuter/regional: | | | | | | |
| American (AA Eagle) | — | — | — | 32,203 | 0.2 | 0.2 |
| Continental (Commut/Air) | — | — | — | 4,585 | 0.0 | 0.0 |
| Continental (ExpressJet) | 63,440 | 0.4 | 0.4 | 62,265 | 0.3 | 0.4 |
| Delta (Atlantic Southeast) | 4,867 | 0.0 | 0.0 | 8,316 | 0.0 | 0.0 |
| Delta (Comair) | 103,012 | 0.6 | 0.6 | 108,322 | 0.6 | 0.6 |
| Delta (Shuttle America) | — | — | — | 4,385 | 0.0 | 0.0 |
| Independence Air | 6,378 | 0.0 | 0.0 | 74,496 | 0.4 | 0.4 |
| Northwest (Mesaba Aviation) | 973,875 | 5.6 | 6.1 | 1,108,615 | 6.1 | 6.6 |
| Northwest (Pinnacle) | 1,201,651 | 6.9 | 7.6 | 1,477,582 | 8.1 | 8.8 |
| United (Air Wisconsin) | 4,792 | 0.0 | 0.0 | 19,734 | 0.1 | 0.1 |
| United (Atlantic Coast Airlines) | 44,199 | 0.3 | 0.3 | — | — | — |
| United (Mesa) | 6,610 | 0.0 | 0.0 | 70,388 | 0.4 | 0.4 |
| United (SkyWest) | 729 | 0.0 | 0.0 | 11,609 | 0.1 | 0.1 |
| US Airways (Air Wisconsin) | — | — | — | 748 | 0.0 | 0.0 |
| US Airways (Chautauqua) | — | — | — | 3,888 | 0.0 | 0.0 |
| US Airways (Mesa) | — | — | — | 55,631 | 0.3 | 0.3 |
| US Airways (PSA) | — | — | — | 53,283 | 0.3 | 0.3 |
| US Airways (Piedmont) | — | — | — | 1,527 | 0.0 | 0.0 |
| US Airways (Trans States) | — | — | — | 26,586 | 0.1 | 0.2 |
| Other | — | — | — | — | — | — |
| | <u>2,409,553</u> | <u>13.9</u> | <u>15.1</u> | <u>3,124,163</u> | <u>17.1</u> | <u>18.6</u> |
| Charter: | | | | | | |
| Air Canada | — | — | — | — | — | — |
| Casino Express | 78 | 0.0 | 0.0 | — | — | — |
| Champion Air | 31,195 | 0.2 | 0.2 | 31,283 | 0.2 | 0.2 |
| Miami Air | 648 | 0.0 | 0.0 | — | — | — |
| Omni Airlines | — | — | — | — | — | — |
| Other | 480 | 0.0 | 0.0 | 1,516 | 0.0 | 0.0 |
| Planet Airways | 496 | 0.0 | 0.0 | — | — | — |
| Ryan International | 11,400 | 0.1 | 0.1 | — | — | — |
| Sun Country | — | — | — | — | — | — |
| Trans Meridian | 14,958 | 0.1 | 0.1 | 25,488 | 0.1 | 0.2 |
| USA 3000 | 34,099 | 0.2 | 0.2 | 52,788 | 0.3 | 0.3 |
| World Airways | 316 | 0.0 | 0.0 | — | — | — |
| | <u>93,670</u> | <u>0.5</u> | <u>0.6</u> | <u>111,075</u> | <u>0.6</u> | <u>0.7</u> |
| Subtotal – domestic | <u>15,914,882</u> | <u>91.9</u> | <u>100.0</u> | <u>16,758,421</u> | <u>91.6</u> | <u>100.0</u> |
| International: | | | | | | |
| U.S. flag: | | | | | | |
| American Trans Air | 1,684 | 0.0 | 0.1 | — | — | — |
| Mesaba Aviation | 22,787 | 0.1 | 1.6 | 36,362 | 0.2 | 2.4 |
| Northwest Airlines | 1,100,843 | 6.4 | 78.5 | 1,199,496 | 6.6 | 78.5 |
| Spirit | — | — | — | — | — | — |
| | <u>1,125,314</u> | <u>6.5</u> | <u>80.3</u> | <u>1,235,858</u> | <u>6.8</u> | <u>80.9</u> |
| Foreign flag: | | | | | | |
| Air Canada | 13,746 | 0.1 | 1.0 | 13,921 | 0.1 | 0.9 |
| Air France | — | — | — | 19,174 | 0.1 | 1.3 |
| British Airways | 59,507 | 0.3 | 4.2 | 59,658 | 0.3 | 3.9 |
| KLM-Royal Dutch Airlines | — | — | — | — | — | — |
| Lufthansa | 74,608 | 0.4 | 5.3 | 70,372 | 0.4 | 4.6 |
| Royal Jordanian Airlines | 10,369 | 0.1 | 0.7 | 14,581 | 0.1 | 1.0 |
| | <u>158,230</u> | <u>0.9</u> | <u>11.3</u> | <u>177,706</u> | <u>1.0</u> | <u>11.6</u> |
| International Charter | <u>118,354</u> | <u>0.7</u> | <u>8.4</u> | <u>114,297</u> | <u>0.6</u> | <u>7.5</u> |
| Subtotal – international | <u>1,401,898</u> | <u>8.1</u> | <u>100.0%</u> | <u>1,527,861</u> | <u>8.4</u> | <u>100.0%</u> |
| Total – all markets | <u>17,316,780</u> | <u>100.0%</u> | | <u>18,286,282</u> | <u>100.0%</u> | |

Source: Wayne County Airport Authority records

See accompanying independent auditors' report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #11

Historical Airline Cargo

Operating Years 1996 – 2005

(Unaudited)

| Operating year (a) | Cargo by type (in tons) | | Total cargo | |
|-----------------------|----------------------------|--------|-------------|-----------------------------------|
| | Freight and express (b) | Mail | Tons | Percent increase (decrease) |
| 1996 | 121,768 | 55,356 | 177,124 | 1.6% |
| 1997 | 114,024 | 56,264 | 170,288 | (3.9) |
| 1998 | 106,701 | 47,024 | 153,725 | (9.7) |
| 1999 | 111,755 | 40,923 | 152,678 | (0.7) |
| 2000 | 112,432 | 44,415 | 156,847 | 2.7 |
| 2001 | 92,916 | 40,758 | 133,674 | (14.8) |
| 2002 | 87,447 | 20,863 | 108,310 | (19.0) |
| 2003 | 92,941 | 16,427 | 109,368 | 1.0 |
| 2004 | 98,054 | 4,351 | 102,405 | (6.4) |
| 2005 | 98,306 | 4,260 | 102,566 | 0.2 |

(a) All data are for 12-month periods. For operating years (OY) 1996 – 1997, OY is December 1 to November 30. Starting in OY 1998 and forward, OY is October 1 to September 30. For comparative purposes only, OY 1998 has been adjusted to show 12 months ending September 30, 1998.

(b) Includes small packages

Source: Wayne County Airport Authority records

See accompanying independent auditors' report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #12

Historical Aircraft Landed Weight

Operating Years 1996 – 2005

(Unaudited)

| Operating year (a) | Landed weight by carrier type (in 1,000-pound units) | | | Total landed weight | |
|-----------------------|---|--------------|-----------|---------------------|-----------------------------------|
| | U.S. flag | Foreign flag | All cargo | Units | Percent increase (decrease) |
| 1996 | 23,849,614 | 503,819 | 565,772 | 24,919,205 | 4.3% |
| 1997 | 25,118,756 | 436,193 | 584,064 | 26,139,013 | 4.9 |
| 1998 | 23,682,043 | 426,833 | 591,423 | 24,700,299 | (5.5) |
| 1999 | 25,455,926 | 467,771 | 895,912 | 26,819,609 | 8.6 |
| 2000 | 26,178,699 | 484,190 | 663,298 | 27,326,187 | 1.9 |
| 2001 | 25,676,579 | 271,200 | 558,468 | 26,506,247 | (3.0) |
| 2002 | 23,840,345 | 220,704 | 655,048 | 24,716,097 | (6.8) |
| 2003 | 23,757,983 | 285,738 | 664,200 | 24,707,921 | (0.0) |
| 2004 | 24,281,653 | 339,632 | 686,425 | 25,307,710 | 2.4 |
| 2005 | 24,836,408 | 375,861 | 674,986 | 25,887,255 | 2.3 |

- (a) All data are for 12-month periods. For operating years (OY) 1996 – 1997, OY is December 1 to November 30. Starting in OY 1998 and forward, OY is October 1 to September 30. For comparative purposes only, OY 1998 has been adjusted to show 12 months ending September 30, 1998.

Source: Wayne County Airport Authority records

See accompanying independent auditors' report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #13

Historical Aircraft Operations

Operating Years 1996 – 2005

(Unaudited)

| Operating year (a) | Operations by class of carrier | | | | Total operations | |
|-----------------------|--------------------------------|--------------------------|---------------------|--------------|------------------|-----------------------------------|
| | Air carrier | Air taxi and commuter | General aviation | Military (b) | Number | Percent increase (decrease) |
| 1996 | 350,757 | 101,721 | 83,254 | 1,612 | 537,344 | 6.2% |
| 1997 | 350,636 | 106,481 | 81,298 | 1,388 | 539,803 | 0.5 |
| 1998 | 336,457 | 109,889 | 84,199 | 1,689 | 532,234 | (1.4) |
| 1999 | 331,153 | 154,789 | 73,487 | 1,685 | 561,114 | 5.4 |
| 2000 | 330,350 | 159,604 | 69,306 | 1,611 | 560,871 | (0.0) |
| 2001 | 321,222 | 167,661 | 52,211 | 1,405 | 542,499 | (3.3) |
| 2002 | 337,817 | 126,821 | 18,915 | 290 | 483,843 | (10.8) |
| 2003 | 330,757 | 140,783 | 16,222 | 207 | 487,969 | 0.9 |
| 2004 | 327,682 | 171,268 | 15,526 | 184 | 514,660 | 5.5 |
| 2005 | 325,415 | 191,394 | 13,599 | 229 | 530,637 | 3.1 |

(a) All data are for 12-month periods. For operating years (OY) 1996 – 1997, OY is December 1 to November 30. Starting in OY 1998 and forward, OY is October 1 to September 30. For comparative purposes only, OY 1998 has been adjusted to show 12 months ending September 30, 1998.

(b) Beginning in 1992, government flights were reclassified as “military.”

Source: Wayne County Airport Authority records

See accompanying independent auditors’ report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #14

Historical Aviation Demand Statistics

Operating Years 2000 – 2005

(Unaudited)

| | Historical | | | | | |
|------------------------------------|-------------------|-------------|-------------|-------------|-------------|-------------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Enplaned passengers: | | | | | | |
| Domestic: | | | | | | |
| Scheduled: | | | | | | |
| Originating (a) | 7,815,766 | 7,259,419 | 6,419,975 | 6,585,253 | 7,080,843 | 7,543,124 |
| Connecting (a) | 7,826,012 | 7,891,916 | 7,807,100 | 8,294,849 | 8,740,369 | 9,104,222 |
| Subtotal – scheduled | 15,641,778 | 15,151,335 | 14,227,075 | 14,880,102 | 15,821,212 | 16,647,346 |
| Percentage connecting | 50.0% | 52.1% | 54.9% | 55.7% | 55.2% | 54.7% |
| Charter | 204,060 | 132,494 | 100,781 | 37,039 | 93,670 | 111,075 |
| Subtotal – domestic | 15,845,838 | 15,283,829 | 14,327,856 | 14,917,141 | 15,914,882 | 16,758,421 |
| International: | | | | | | |
| Scheduled: | | | | | | |
| U.S. airlines | 1,516,295 | 1,565,156 | 1,040,203 | 1,077,143 | 1,125,314 | 1,235,858 |
| Foreign flag | 294,350 | 182,319 | 177,867 | 202,800 | 158,230 | 177,706 |
| Subtotal – scheduled | 1,810,645 | 1,747,475 | 1,218,070 | 1,279,943 | 1,283,544 | 1,413,564 |
| Charter | 75,884 | 50,292 | 46,631 | 81,149 | 118,354 | 114,297 |
| Subtotal – international | 1,886,529 | 1,797,767 | 1,264,701 | 1,361,092 | 1,401,898 | 1,527,861 |
| Total enplaned passengers | 17,732,367 | 17,081,596 | 15,592,557 | 16,278,233 | 17,316,780 | 18,286,282 |
| Enplaned cargo (tons): | | | | | | |
| Freight | 112,432 | 92,916 | 87,447 | 92,941 | 98,054 | 98,306 |
| Mail | 44,415 | 40,758 | 20,863 | 16,427 | 4,351 | 4,260 |
| Total cargo | 156,847 | 133,674 | 108,310 | 109,368 | 102,405 | 102,566 |
| Aircraft departures: | | | | | | |
| Domestic | 212,928 | 212,541 | 195,875 | 217,589 | 232,938 | 235,187 |
| International | 12,606 | 12,886 | 11,030 | 13,307 | 15,055 | 19,322 |
| Total aircraft departures | 225,534 | 225,427 | 206,905 | 230,896 | 247,993 | 254,509 |
| Aircraft operations: | | | | | | |
| Air carrier | 330,350 | 321,222 | 337,817 | 330,757 | 327,682 | 325,415 |
| Air taxi and commuter | 159,604 | 167,661 | 126,821 | 140,783 | 171,268 | 191,394 |
| General aviation | 69,306 | 52,211 | 18,915 | 16,222 | 15,526 | 13,599 |
| Military | 1,611 | 1,405 | 290 | 207 | 184 | 229 |
| Total aircraft operations | 560,871 | 542,499 | 483,843 | 487,969 | 514,660 | 530,637 |
| Landed weight (1,000-pound units): | | | | | | |
| Passenger: | | | | | | |
| U.S. carriers: | | | | | | |
| Major/national | 23,311,757 | 22,808,673 | 21,937,795 | 18,921,513 | 20,540,672 | 20,050,338 |
| Commuter/regional | 2,866,942 | 2,867,906 | 1,902,550 | 4,836,470 | 3,740,981 | 4,786,070 |
| Subtotal – U.S. carriers | 26,178,699 | 25,676,579 | 23,840,345 | 23,757,983 | 24,281,653 | 24,836,408 |
| Foreign flag | 484,190 | 271,200 | 220,704 | 285,738 | 339,632 | 375,861 |
| Subtotal – passenger | 26,662,889 | 25,947,779 | 24,061,049 | 24,043,721 | 24,621,285 | 25,212,269 |
| All cargo | 663,298 | 558,468 | 655,048 | 664,200 | 686,425 | 674,986 |
| Total landed weight | 27,326,187 | 26,506,247 | 24,716,097 | 24,707,921 | 25,307,710 | 25,887,255 |

(a) Originating and connecting activity statistics are estimates based on calendar-year percentages.

Sources: Wayne County Airport Authority records, U.S. Department of Transportation T100 and Commuter (298c) data, and the Origin and Destination Passenger Ticket Survey

See accompanying independent auditors' report.

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

Continuing Disclosure Table #15

Nonstop International Destinations Added and Dropped

Calendar Years 1996 – 2005

(Unaudited)

| Year | Cities added | Cities dropped | Net change |
|-------------|---|--|-------------------|
| 1996 | Antigua, West Indies Beijing, China Provincenciales Turks/Caicos Islands St. Maarten, Antilles Vancouver BC, Canada | Sudbury Ontario, Canada | 4 |
| 1997 | London (Heathrow), England | | 1 |
| 1998 | Cancun, Mexico Munich, Germany Nagoya, Japan | Antigua, West Indies Cozumel, Mexico Provincenciales Turks/Caicos Islands Halifax, Canada Montreal (Mirabel), Canada | (2) |
| 1999 | Milan, Italy | Munich, Germany Seoul, South Korea | (1) |
| 2000 | Aruba, Aruba Rome, Italy Montego Bay, Jamaica Punta Cana, Dominican Republic Shanghai (Pu Dong), China | | 5 |
| 2001 | Liberia, Costa Rica | Aruba, Aruba Ixtapa/Zihuatanejo, Mexico Milan (Malpensa), Italy St. Maarten, Antilles | (3) |
| 2002 | Calgary Alberta, Canada Cozumel, Mexico Nassau (Int'l), Bahamas Shannon, Republic of Ireland | Shanghai (Pu Dong), China | 3 |
| 2003 | Osaka, Japan Halifax, Canada Shanghai (Pu Dong), China | | 3 |
| 2004 | Dusseldorf, Germany Rome, Italy Kitchener/Waterloo, Canada Winnipeg Manitoba, Canada | Punta Cana, Dominican Republic Shannon, Ireland | 2 |
| 2005 | Bermuda, Bermuda Punta Cana, Dominican Republic Charlottetown, Canada | Ixtapa/Zihuatanejo, Mexico | 2 |

Source: BACK database. Data reflect new and discontinued nonstop international destinations served from DTW during the entire calendar year.

See accompanying independent auditors' report.